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Paper Money in Modern China	609	Singapore		Finance & Commerce	
China's Industrial Progress	612	Developments in Singapore	618	Rice—Production and Trade in	
Success of British Policy of Re-		Indonesia		1956 and Outlook	634
straint	613	Agriculture, Forestry, Livestock		Thai Rubber Exports and Rubber	
China		and Fisheries of Indonesia	621	Products	635
Industrialisation of Central China	614	Hongkong		HK Exchange Markets; HK	
'Continual Contradictions' in		Hongkong Notes and Comments	623	Share Market; Singapore	
Peking	615	Hongkong Trading Partners in		Shares; Trade Reports	636
Taiwan		1956 (Part V)	626	Hongkong Company Incorpora-	
Monetary Developments in Taiwan	617	Principal Markets for HK Pro-		tions	640
		ducts in 1956 (Part II)	632		

PAPER MONEY IN MODERN CHINA (1900–1956)

By, E. KANN

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Introductory

Owing to the inability of various successive Chinese dynasties to maintain the stability of paper money, followed by outright repudiation, the sorely tried population of medieval China had completely lost confidence in banknotes. The position had grown so bad that toward the close of the Ming dynasty (1368-1644) paper money could no more circulate in China.

When the Manchus entered the country as conquerors, they did not attempt to issue banknotes, being fully aware of the justification of mistrust on the part of the populace.¹ Only when—shortly after the outbreak of the Taiping Rebellion (1850-1864)—the Peking Government had to have recourse to the forced issue of fiat money in order to finance part of the campaign, was there an exception from previous decisions; but, unfortunately, one which also terminated in dismal failure.

The close of the nineteenth century witnessed complete indifference on the part of the Peking authorities to the private issue of banknotes. Circulation of these was left to anyone who cared to emit paper money within China. From time to time came feeble warnings from the northern capital relative to over-issues, to the absence of reserves against notes emitted and to the need of withdrawing excess-issues. But at no time during the imperial regime (which came to an end in October, 1911) were

active or constructive steps initiated to regulate the note-issue on a modern basis, or actively to interfere with contraventions of existing regulations.

The birth of the Chinese Republic (October, 1911) by no means brought about a removal of the numerous shortcomings connected with uncontrolled issues of fiat money. However, plausible excuses can be found in the fact that the new Republic was in crying need of funds for its initiation and consolidation. As is known, the National Government at Nanking in 1935 actively intervened by creating unambiguous regulations aimed at the orderly issue of paper money by duly authorized institutions, and also by seeing to it that the legally prescribed percentages of metallic and other cover for all note issues should be extant, subject to periodical inspection. By 1942, the Nationalist Government (then domiciled temporarily at Chungking) ordered the other three official banks, namely the Bank of China, the Bank of Communications and the Farmers Bank, to discontinue the issue of fiat money, undertaking to have same redeemed by the Central Bank of China, which latter institution was designated to henceforth act as sole source of note-issue within China.

The period under review, covering half a century, may be considered as years of transition and reform. During this particular space of time, changes in the political and economic fields were numerous, radical and rapid. I have had the good fortune to live throughout nearly this entire period in various commercial centers of China, always engaged in active banking and finance. Thus I had the opportunity of watching events on the spot and recording and analyzing the principal ones. As a

The essay on Paper Money in Modern China, the first part of which commences in this issue of the Far Eastern Economic Review, forms a continuation of the author's work "The History of Chinese Paper Money" whose first section was published in this Review of March 7, 1957.

1. Actually there was a feeble attempt to emit paper money at the outset. However, the sum placed in circulation, as well as the duration of the experiment, were too insignificant to remain on record.

result I am presenting facts as I witnessed and investigated them with a certain degree of authenticity, if not with a claim to absolute completeness.

Upon the dawn of the twentieth century, the principal issuers of fiat money were Chinese native banks. They used printed blanks, filling in the face amount of the note with brush and Chinese ink. Rivalling their action were numerous merchant firms, some of which demonstrated prolificacy as far as their note-issues were concerned. Neither one of these sources was under binding obligations in regard to note-emissions, and none of them publicized the size of the note circulation. Therefore the world never will learn the extent and the fate of those particular issues of fiat money. But it is apprehended with clearness that these non-official issuers gradually and automatically were crowded out of the field by better equipped institutions.

The latter consisted of (a) Provincial Banks; (b) National Banks; (c) Modern Chinese Commercial Banks; (d) Foreign Banks in China.

It must be borne in mind that toward the end of the imperial regime China had comparatively few usable roads and railroad lines. Therefore, inter-provincial traffic was handicapped and the requirements for means of payment were lessened. This fact accounts for the comparatively small volume of notes which had been in circulation until about 1930. From then onward the volume of internal trade grew considerably, commensurate with the rapid development of road-building and railway construction. When the silver standard was abolished in China (November 3, 1935), banknotes immediately took the place of silver money withdrawn by the Government, thus bringing about a rapid expansion of the note circulation in China.

GOVERNMENT BANKS AS ISSUERS OF BANKNOTES

Indubitably the Government Banks can claim the largest share in the circulation of banknotes in modern China. For this reason it is deemed essential first to deal with the inauguration and the career of the respective note-issuing Government Banks.

(1) THE HUPU BANK

The fatal ending of the Boxer Rebellion of 1900/01 convinced the Chinese authorities of the urgent need for reforms, mainly in the realm of commerce and finance. Stipulations toward this end were clearly contracted for in the British Commercial Treaty with China of 1902 (Mackay Treaty). China visualized the need of exchanging her silver standard for a gold basis. In 1904, the report of the Jenks Commission was published, representing a gradual adoption of the gold standard and urging the expediency of establishing a national bank with numerous branches in China to assist in monetary reform.

The Board of Revenue (Hu-pu) and the Council of Finance memorialized the throne for the establishment of an Imperial Bank under the former's control. The Memorial was promptly approved on March 16, 1904, and a few weeks later the regulations pertaining to the new bank were also

agreed to. However, none of these contained references to monetary reforms.

One should have surmised that, when memorializing the throne with regard to the establishment of the first government bank, the petitioners would have stressed the need of granting the institution sole rights of note issue. But this was not the case, for the memorial barely hinted at such privileges. There it was said that misunderstandings had always existed in China between officials and merchants, and that the mismanagement of previously issued government notes had made the people distrustful. For this reason it was not recommendable for the time being to stop the private issues of notes; but an effort would be made to restore confidence at future occasions. Obviously the memorialists referred to repudiations of government-issued fiat money in bygone centuries, all of which had proved partly or entirely irredeemable.

The Hupu Bank was to be capitalized at 4 million taels, and shareholders were to be of Chinese nationality. However, control of the bank was to remain in Government's hands. Private shareholders failed to come forward with capital; and the Government had no funds to spare. Only when a fractional sum of 200,000 taels was supplied by the Board of Revenue could the head-office in Peking be opened on September 27, 1905. Three weeks thereafter another 300,000 taels was paid in and further 500,000 taels was forthcoming in two instalments in the course of 1906. The remaining million of government capital was not paid up until early 1908.²

The 20,000 private shares were subscribed in instalments between 1906 and 1908. Profits realized proved excellent, and in the summer of 1908 the capital was increased to 10 million Kuping taels. By the close of that year, 18 branches of the bank were in existence.

The statutes of the Hupu Bank did not contain a proviso as to the sole privilege of note-issue. This fact is most likely to be ascribed to the peoples tragic experience with paper money in bygone times. The following Articles contained in the Hupu Bank's regulations refer to the problem of note-issue:—

Article 20 states that notes in denominations of Kuping taels 100, 50, 10, 5 and 1; and dollar notes in similar denominations shall be printed. But notes above tael 100 "... as well as other various kinds of notes may be issued". (As will be seen, this article is as vague as it possibly could be.)

Article 21 stipulates that the notes issued by the bank and its branches shall be good for payment of all accounts, public or private; they shall be considered as good as cash. Provinces are authorized to pay their revenues to the Imperial Government in these notes. People of all classes who refused to recognize these notes, or who attempted to discount them, were to be severely punished.

Article 22 decrees that for transactions with the Board of Finance, whenever payment can be made by notes, the issue of the Hupu Bank is to be used exclusively. There was a distinct tendency to oust foreign banks' note issues from the market and replace them with emissions from the government bank.

According to Mr. Jules Gory³, the government bank issued three kinds of paper money:

- 1) Silver notes (Yin Piao) in 28 denominations ranging from 1 to 1,000 taels.
- 2) Dollar notes (Chao Piao) of three denominations only, viz., \$1, 5 and 10.
- 3) Cash notes (Chien Piao), or copper-cent notes, calling for 2, 3, 4, 5 and 10 'tao'.

Banknotes were issued by the Hupu Bank's branches at Peking, Tientsin, Hankow, Tsinan, Mukden and Urga. Dollar notes had a favorable circulation, inclusive of Man-

2. Vide "Chapters and Documents on Chinese National Banks" by R. O. Hall.

3. Vide "Notes on the Chinese Government Bank" (1908), fol. 23.

churia and even Mongolia. Branch offices redeemed upon presentation banknotes issued by other branches of the bank. Speaking generally, paper money circulated by the Hupu Bank was readily accepted; and foreign banks in Peking made no exception, seeing the redemption could easily be effected.

(2) THE TA CHING GOVERNMENT BANK

It is not easy to determine when the Hupu Bank ceased to exist and when the Ta Ching Government Bank came into existence. The one was the successor of the other, and the change in name came gradually and without ceremonies. As the date on which the Ta Ching Bank began to function, one may take February 28, 1908, on which date new regulations entered into force, stipulating inter alia the increase of capital to 10 million Kuping taels.

In contradistinction to the ambiguous rules of the erstwhile Hupu Bank (no maximum amount of the note issue; no provisions for reserves, etc.) the regulations pertaining to the Ta Ching Bank were clearer and more businesslike. The 24 Articles all referred to the Ta Ching Bank individually, and none related to banking in China in general. Only one single paragraph directed attention to banknotes, and even this one was postponed in its execution. The said Article reads as follows:

"Article V.—The bank shall hereafter have the exclusive right to issue paper money, but such issue shall be in conformity with the laws appertaining to the same, and additional laws must be enacted by the Board of Finance before the Bank may issue paper currency. Temporary notes may be issued before the enactment of the said laws."

In the beginning of its career, the standing of the Ta Ching Bank was excellent, thanks largely to the sound business principles adopted by the Shanghai management. At the outset there was a note-issue in existence of Kuping taels 2,961,524.15 (all branches combined), as shown in the last balance sheet of the Hupu Bank, issued in February, 1908.

While having succeeded in steering clear of the disastrous consequences of the 1910 Shanghai rubber boom, the bank was indirectly affected by the general collapse, and its standing was less strong when the revolution broke out on October 10, 1911. The entire structure of the bank was dismembered. Funds which depositors failed promptly to withdraw, were confiscated by one or the other contending government factions, or else expropriated by soldiers. A hurried issue of unsecured banknotes, especially in North China, made matters worse. The Hankow branch could not withstand the run on its coffers and had to close its doors. Withdrawals of deposits from the Shanghai branch in October, 1911, amounted to \$2 million within three days. Some other branches (Changsha, Urga) declared themselves independent institutions and changed their names. Due to the turmoil, the notes of the Urga branch (Outer Mongolia) sank to only 20% of their face value. There were not enough metallic reserves available to redeem the 700,000 dollars worth of notes, so that the bank (then the only financial institution in Mongolia) had to close its doors. Finally, the Ta Ching Bank became exhausted and lay prostrate, wholly unable to function.

The Shanghai branch of the bank, having enjoyed superior protection, succeeded in weathering the typhoon. It was from here, and not from the collapsed head office at Peking, that the launching (on February 5, 1912) of a new institution was initiated and announced. Then it was surmised that the total losses sustained by the Ta Ching Bank would not exceed the funds invested by the late Manchu Government, so that the capital of private shareholders would remain intact.⁴

In April, 1906, the Commercial Press undertook to print notes for the Ta Ching Government Bank; this work was accomplished by October of the same year at Peking. In the first year of emperor Hsuen Tung (1908), an order was placed in the United States for the printing of Ta Ching Bank notes in denominations of \$1, 5, 10, 50 and 100 for a face value of altogether \$10 million.

The banknotes printed in 1906 by the Commercial Press on behalf of the Ta Ching Government Bank are examples of lithographic artistry.⁵ They consisted of series composed of denominational values of \$1, 5, 10 and 100. On the left of the obverse is shown the bust of emperor Kuang Hsu in an oval frame. Above a huge dragon floats through the clouds; beneath a cavalcade of armed soldiers is depicted.

I owned a booklet containing specimen of the set, but assuming that the series was not circulated, I presented the lot to a collecting friend. To the best of my recollection, these notes never were channeled into traffic, most likely because in imperial China portraits of His Majesty on stamps, coins or banknotes were strictly taboo.

As already mentioned, in general, the standing of the Ta Ching Bank was good. Yet, at certain stages of its early career doubts were expressed regarding the existence of sufficient reserve funds. In the spring of 1908, some of the foreign banks of Shanghai declined to accept Ta Ching Bank's paper money. Thereupon the Ministry of Finance cabled from Peking to Viceroy Tuan Fang, suggesting that the Chinese Chamber of Commerce should take retaliatory measures. At the same time the Ministry, after official inquiries had been made by the Doyen of the Diplomatic Corps at Peking, confirmed that it stood guarantor for the notes emitted by the Ta Ching Government Bank.

At the beginning of 1908, the Ministry of Agriculture, Works and Commerce wired to the Shanghai Chinese Chamber of Commerce suggesting to "... raise funds without delay to meet all demands, as it is the promise to pay on demand that gives a note its value." Simultaneously, the Ministry of Finance telegraphed to all Viceroys in the Interior, prohibiting the use of foreign banknotes outside the foreign Concessions of the Treaty Ports. In the summer of 1908, the Chinese Government intended to submit to the next Hague Conference a proposal to the effect that no foreign bank should be permitted to circulate notes, except in places opened to foreign trade.

It was not so much the circulation of Ta Ching Bank paper money which caused apprehensions, but much more the issue by privately-owned native banks, exchange shops and general merchants. Since there was no control exercised over such emissions, and since their size was not known to the authorities and to the public, caution positively became necessary. The following Imperial Decree was contained in the official "Peking Gazette" of April 3, 1908, showing that apprehensions existed then with regard to uncontrolled private issues:

"Owing to the abundance of copper coins in circulation and also to the issue of private money orders, the price of silver in Peking is still abnormally high. A Decree to suspend work in all the copper-coin mints in the various provinces until the price of silver resumes its normal condition has already been issued. If the issue of private money orders by the merchants who have no funds to meet them were allowed to go on unchecked, the money market would be very stringent, and the price of silver would never come to its normal standard. Therefore we hereby order the Governor of Peking to prohibit the practice of issuing private money orders. From henceforth, any person with the exception of banks, who dare to issue orders for money, being incapable of honoring them, will be severely dealt with. The Ministry of the Interior and the Peking Gendarmerie are also ordered to see that all the money orders issued by the various banks are payable on demand, so as to relieve the financial situation for the benefit of all."

4. Vide "Organization of Chinese Government Banks" by E. Kann, published on October 19, 1926, in the "North China Daily News", Shanghai.

5. Though the order was given to the Commercial Press, the latter passed it on for execution to the Peking Printing Press.

According to the China Yearbook⁶, the Ta Ching Bank's issue of notes on June 30, 1911, amounted to 5,438,910.75 taels and also \$12,459,907.89.

Half-hearted attempts were made to restrict the circulation of paper money in China, when the following proposal received imperial sanction on March 11, 1908:

"1) None but banks or cash shops will be allowed to issue notes.
2) A system of joint-guarantee is instituted by which cash shops are formed in groups of four, each member of the group being responsible for the three others.

3) Cash amounting to 90% of the note issue is to be kept in reserve. Below the proportion of 80%, a fine equal to ten times the amount which might be short will be inflicted. Issuing shops which have no cash at all will be treated as common thieves."

Forgeries of Ta Ching banknotes led to the arrest of a gang of counterfeiters at Tientsin. The leader, convicted of having imitated the bank's seal and stamped notes with it, was sentenced to strangulation; and two others to penal servitude for life.⁷

In 1910 the Ministry of Finance petitioned the throne in connection with currency reform. Regarding banknotes the following amendments were then proposed:

"In regard to the issue of convertible notes, the Government has decided to turn over the whole of the business of issuing and redeeming paper currency to the control of the Ta Ching Bank. The latter must keep

6. Vide "Notes on the Chinese Government Bank by Jules Gory, fol. 25/26.

7. Issue of 1924, fol. 707.

on hand cash reserves for one-half of the total issue of notes, and marketable securities for the other half. In times of financial stringency the bank may issue paper currency in excess of these reserves on obtaining special permission from the Tschupu, and paying a tax of 6% per annum on the excess issue. Banknotes may be redeemed at any time during office hours at the head or branch office of the Ta Ching Bank, though when large amounts are presented for redemption, time of payment may be deferred according to the distance from which the cash will have to be transported. Until sufficient of the new coins have been minted to meet all demands, notes presented for redemption may be reckoned at the rate of one Kuping tael equals \$1½, and on this basis again exchanged into the dollars or taels current in the place.

In regard to notes issued by mercantile establishments and private banks, and now in circulation, these will be ordered to be withdrawn at the rate of one-fifth of the total issues annually, so as to insure complete withdrawal within five years. Rules to be drawn up for redemption of notes issued by provincial and government establishments. Establishments which have not yet issued notes are prohibited from doing so in future."⁸

This Decree shared the fate of many other 'reform' proclamations which were quite prolific during those days; i.e., it was completely ignored. It should be recalled that a year thereafter the revolution broke out in China, culminating in the replacement of the Manchus by a Republican regime. This fact automatically shelved all plans tentatively prepared by the Imperial Government of Peking. And, under such circumstances, the above cited project was buried without ceremonies, and with it the old Ta Ching Government Bank.

* Vide "China Year Book", 1912, fol. 286/87.

(To be Continued)

CHINA'S INDUSTRIAL PROGRESS

Simultaneous construction is to be undertaken this year of 487 large industrial and mining units in China. Of these, 102 belong to the 156 projects built with the help of the Soviet Union. Works under construction this year include 70 units initiated in the year and 175 scheduled for completion this year. This is the year marked by the greatest number of works accomplished in the period of the first five-year-plan. Plans worked out in this connection by the National Economic Commission will soon be submitted to the State Council for approval. These plans embrace only the construction works of the Government's various industrial departments and do not include the 70 units and many smaller works above the norm scheduled for construction this year in local areas. Appropriate readjustments have been made in investments in Government capital construction; and although there have been some declines as compared with the investments of last year, the implementation of the policy of diligent and economical national construction and the curtailment of investments in non-productive enterprises have made the ratio of this year's industrial investments to the national aggregate rise by 4.8% over 1956.

A great retrenchment has been made in industries that manufacture ordinary machines and corresponding increases made in investments in industries concerned with coal, electric power, metallurgy, timber and building materials. This change was the result of the failure of production of industrial raw materials to meet the demand of the processing industries. A bigger number of works will go into operation this year than in 1956. Scheduled for construction this year are 160 large units of work, of which 67 (including the Fuhsin and Haichow open cut mines and the Fushun western open cut) will go into operation this year. Productivity of the mines for operations this year is placed at an annual total of 10,800,000 tons of coal. Power stations to be erected this year by the Ministry of the Industry number 94, of which the 26 stations being built in

Wuhan, Loyang, and Lanchow will begin generation of power this year. The equipment and installations which these stations will put into operation will produce an annual total of 3,500 million kilowatt hours, which will alleviate the strained national supply.

In the metallurgical field, there will be this year 21 units of work under construction in the Anshan Steelworks, including blast furnaces and coke ovens. In the two steel and iron bases newly constructed in Wuhan and Paotow, there will be a bigger number this year than last of units of work under construction. The Ministry of Metallurgical Industry will produce this year an annual total of 700,000 tons of iron and 480,000 tons of steel equipment and installations for operation this year. In respect of building materials and the timber industry, there will be put into operation equipment and installations capable of turning out 500,000 to 600,000 tons of cement and 3,590,000 cubic metres of timber per year.

In order to provide agricultural production increase with the required fertilisers, the chemical industry had an increase in investment by 13% over 1956. The ratio of light industry in the complete amount of industrial investment this year has also shown some increase. In the field of light industry, there will be put into operation factories that produce yearly 130,000 tons of machine-made paper, 80,000 tons of sugar and many other items of daily necessities.

Meanwhile the backwardness of technical work in the enterprises has become a main obstacle to the elevation of the technical level and the exploitation of the latent power of China's power equipment industry. A conference of factory superintendents of the Ministry of Power Equipment Industry which concluded on March 25 in Peking drew up the programme for the year and called on all enterprises to "strengthen strenuously" their technical work, which would constitute the main link in the fulfilment of

the plan. Technical work had obviously lagged far behind and the excessive quantity of rejected products during the year (at a loss of 5,700,000 yuan) was mainly due to impractical technical rules or violation thereof. In the absence of unified technical rules, workers of many enterprises carried on production in their separate, traditional ways.

A question evoking wide discussion at present is what kind of technical equipment should be adopted for building China's industry at present. The question involves the technical policy of the State and bears on the way the manpower and financial and material resources of the State are used. Too many are over-zealous for "most advanced in the world," "first-class," and "automation" equipment. Taking a long-range view, this is both necessary and economical, they say. But they stress the future and neglect the reality and overlook the contradiction between the future and present needs, between future economy and present economy.

China has built, according to plan, many enterprises with first-class technical equipment. These enterprises are the backbone of industry and play a tremendous part in increasing the economic strength and defence strength and in mastering advanced science and technology. For this reason, China is still required to build such enterprises systematically and selectively at present and hereafter. But it is not advisable to strive for the building of too many enterprises of this type at the present moment. The most advanced equipment, it is true, has the advantages of high efficiency, better quality of products, low cost and less manpower employed, but such equipment calls for a highly developed machine-building industry and more investments, and takes more construction time. The present conditions in China are such that capital is limited, abundant manpower remains to be utilised, and the technical level of the machine-building industry too low to make such advanced equipment. To adopt too much of the most advanced and automation equipment will, on the one hand, call for import of more equipment and, on the other, prevent the production capacity of the machine-building industry from being exploited and its technical level from being rapidly elevated. Besides, to import more equipment there must be exported more goods to get the foreign exchange required for payment. Yet the economic level is still very low and export supplies are limited. Consequently, if equipment is excessively imported, inevitably the scale and rate of construction will be limited by the shortage of foreign exchange. That is why some people say: "Simply striving for 'automation' will not accelerate 'industrialisation.'" Some people are in favour of adopting more of the technical equipment in general during the next few years. If so, the vast part of the equipment required can be made at home, the production capacity of the machine-building industry can be brought into full play and

the technical level can be gradually and speedily raised. At the same time, better equipment can be provided for other departments of construction. This view, says the official news agency, is realistic and positive.

The funds used for building a highly automatic plant capable of producing 60,000 tons of seamless tubing a year are enough to build two plants with less degree of automation capable of producing more than 100,000 tons. The quality of their products will be such as to meet the needs of industrial construction in general. If a small steel-rolling plant with an annual capacity of nearly 100,000 tons of steel products is built with the most advanced technology, the accessory equipment for mechanisation and automation of production will account for 80% of the total equipment, while the main production equipment will account for only 20%. Thus, compared with the technical equipment in general, this advanced technical equipment will cost over 100% more. This is also the case with the construction of iron ore, fireproof materials and non-ferrous metals industries. To adopt the most advanced equipment for coal and electric power industry will cost much more in the way of investments than if the general equipment is adopted. This state of affairs shows that, with some necessary enterprises already built with first-class equipment, in China, by adopting the technical equipment in general the same amount of funds can build more enterprises and accelerate industrialisation.

With many machines purchased from abroad in recent years, industrialisation and mechanization of building operations have gained a great development. The Ministry of Metallurgical Industry invested over 400 m. yuan in building projects during the past four years, amounting to 10% of its total investments under the first five-year plan. The ministries of coal, electric power and building also spent much money on building projects. The greater part of these investments are required, but some enterprises still demand increase of new equipment to a considerable extent. The Ministry of Metallurgical Industry alone will call for about Yuan 300 million investments in the next few years. An official of this Ministry says that it can dispense with many kinds of building machinery, saving funds for building two iron works capable of producing 100,000 tons of steel a year. Other departments will likewise find it possible to dispense with a quantity of building machinery. Besides, owing to various reasons the use of machinery is not cheaper than the use of man power for building some projects. The equipment of the machine-building industry is utilised to a very low extent and much potentiality still exists. Labour power will not be short but super-abundant during the next few years. Industrial construction at present is aimed primarily at solving the question of "haves and have nots", and the question of "much and little" and, secondly, the question of "the backward and the advanced."

SUCCESS OF BRITISH POLICY OF RESTRAINT

By John Kingsley

The policies of restraint pursued by the U.K. Government in order to overcome the balance-of-payments difficulties which had arisen in 1955 were designed to curb the rising trend of home consumption, thereby checking the growth of imports and, at the same time, promoting an expansion of exports. As the full data, which have now become available, show, this policy has been very successful.

The deficit on current account (i.e. on trade of goods and services) of £79 million in 1955 was followed by a surplus of £233 million in 1956 (£154 million in the first half and £79 million in the second half of the year). The surplus of £79 million achieved in the second half of last year is particularly gratifying since it proves conclusively that the Suez crisis affected the U.K.'s commercial position

much less than some observers expected. Even in more normal circumstances there is usually a deterioration of the balance of payments between the first and the second half of the year.

The outstanding change in the U.K.'s current balance between 1955 and 1956 was the improvement in the visible balance (the balance in trade of merchandise). Exports expanded by more than 10 per cent whereas imports were only one per cent higher. The current balance reflects the trading aspect of the U.K.'s overseas transactions. But the U.K. also invests large sums abroad each year and overseas countries invest in the same way in the U.K. It is not generally realised that the net overflow of long-term capital from the U.K. is second only to that of the United States. Such flows of long-term capital, whether on Government account (such as the repayment of the North American loans) or normal private investment are as much part of what may be briefly called the "commercial" affairs of the U.K. as are the payments and receipts for imports and exports of goods and services, which are tabled in the current account. Last year the total net capital outflow from the U.K. amounted to £191 million compared with £163 million in 1955 and £220 million in 1954. If the current and the long-term investment accounts are combined, there was a surplus of £42 million on the "commercial" account last year as against a deficit of £242 million in 1955 and a surplus of £8 million in 1954. In other words, last year's current surplus was more than sufficient to cover the U.K.'s new net long-term overseas investment.

From the discussion of the current and long-term capital transactions it is evident that the strain which the pound sterling suffered last November, and the consequent loss of reserves, was not caused by a sudden deterioration in the commercial position of the U.K. In addition to the trade and investing aspect of the U.K.'s overseas transactions, there is the "banking" aspect, which is reflected in changes in the composition of overseas assets and liabilities of a

more short-term, liquid or monetary character or as it is technically called in the "overseas monetary position". Sterling is used as a world currency and other countries hold part of their liquid assets in London (sterling holdings of overseas countries, also called sterling balances). Thus the pressure on the pound was the result in large measure of the withdrawal of those liquid assets, largely due to a temporary loss of confidence as a result of the Suez crisis. It is, of course, not possible to make a watertight distinction between commercial and monetary transactions nor are all changes in the monetary position caused by confidence movements.

For instance, most of the overseas countries of the sterling area hold the bulk of their external reserves in the form of sterling balances; and changes in their balances consequently depend on their balance of payments surplus or deficits. Imports rising as their development programmes get under way have caused some of these countries to move into balance of payments deficit; and the holdings by sterling area countries fell by £45 million in 1955 and £19 million in 1956.

The changes in the sterling holding of non-sterling area countries are apt to reflect rather more closely movements of confidence. In the first half of last year, despite a substantial commercial surplus, the reserves rose by only £95 million because simultaneously sterling holdings of non-sterling countries were reduced by £48 million and there was an outflow of other short-term capital of £20 million. In the second half, this outflow increased to £40 million, withdrawal of holdings to £84 million, and there were large losses of gold and dollars and it was decided that the reserves should be reinforced by drawing on the International Monetary Fund. This reinforcement, supported by other measures, has restored confidence. In view of the further expansion of exports in the first quarter of this year, there is every reason to assume that the Suez crisis has done no more than to slow down temporarily the achievement of the U.K.'s aim—a continuing adequate external surplus.

INDUSTRIALISATION OF CENTRAL CHINA

Three major projects symbolise the brave new world which the Chinese are planning for the western section of Central China. They are the Sanmen Gorge, the great Wuhan Iron and Steel Combine, and the construction of the great Bridge across the Yangtze. New railways linking up the region with the North-West and South-West also fall into the picture. The most complex project of all is, of course, the Sanmen Gorge dam. Some idea of the magnitude of the man power and resources required was given in the Peking People's Daily and other papers on the eve of the formal start on the project on April 13, when the Minister of Water Conservancy, General Fu Tso-yi, the Vice-Minister of Power Industry, and the Governors of the provinces affected by the project, gathered on the site for the inaugural ceremony.

The dam is to be about 2,600 ft. long and nearly 500 ft. high and will form a great inland sea making the Yellow River navigable for almost the whole of its length from the coast to the very doorsteps of Sian. The storage capacity will exceed that of the Boulder Dam and the Grand Coulee Dam combined; will produce 1,100,000 k.w. of power; irrigate an area equal to one-third of all the arable land in England and mitigate floods which have occurred 1,500 times in recorded history and have included 26 changes in the river's course.

The word "Sanmen" means three gates. The river is cut by rocky islets into three channels in the gorge—Devil's Gate, God's Gate, and Man's Gate. The area is a huge natural basin in the mountains, 14 miles from the railway station of Shanhsien, in Western Honan. The entire lake will cover some 910 square miles. The Minister of Water Conservancy described the formal inauguration of the project as "a focal point in our history," and it is stated that the tremendous roar of cheering that went up from the vast crowd of experts and workers gathered at the site even drowned the roar of the torrent as it raged through the gorge. The Sanmen dam will be the centre of a powerful grid system supplying Sian, Taiyuan, Loyang, Chengchow, Kaifeng, and other industrial cities in adjoining provinces. Meanwhile an 80-mile long high tension line has begun to operate from Chengchow for the transmission of power to Loyang, to feed the first tractor plant in that locality and to provide the power network for the work on the Sanmen Dam. Chengchow is now a power supplying centre. One automatic power plant went into operation in 1953 and another is scheduled for July which will provide Loyang with power for the many machine-building plants there. Loyang is at the same time building a huge heat and power plant meet both its own needs and those for the Sanmen Gorge project.

The Sanmen Gorge work site, being located in a steep, narrow gorge, imposes restrictions on the dam builders. Moreover, it is inconvenient to carry on construction work during the flood season, and thus certain projects involving an enormous volume of work must be completed within a short dry season. These technical requirements and natural conditions dictate the necessity of adopting a high degree of mechanization. Much will depend on whether the construction equipment and building materials are supplied fully and on time, and a special appeal has already been made for the fullest cooperation in this respect, and in regard to the demands in the way of man power and material and financial resources. Tens of thousands of persons will be required by the end of the current year, and they will have to stay at the work site for about six years before the project can be completed. The furnishing of their living requirements poses a very important problem. Moreover, as the gorge is in a mountain area far away from any cities, all sorts of stores and services have to be arranged for them. To overcome the difficulties that will arise after construction starts a policy of industry and thrift is essential. But as it is to be built from scratch, it calls for the aid of the whole nation.

It requires the supply of equipment and supplies from 22 industrial cities and 50 factories and mines; the supply of many technical cadres and workers from existing conservancy and hydro-electric power sites; the building of private tracks, bridges and highways, by the departments of railways and communications; a commercial network to ensure supply of food and general goods for daily use; agencies of posts and tele-communications, banks and barber shops, etc., to serve the workers. The fact that the project is to be built in Honan imposes a particularly heavy task on Honan province, which is required to mobilise not only an adequate number of civilian labourers and to allocate a quantity of civil building materials, but also to assume the main responsibility for supplying non-staple foods and opening communication lines for the convenience of the working personnel. The party and Government organs of Honan are expected to work out an over-all plan and to mobilise the local people to ensure its execution.

Meanwhile machinery from many parts of the world has been moving into position. When work gets fully into operation there will be a total of 90,000 horse power, equal to 30 h.p. for each of the 3,000 men on each shift. Power shovels, generators, air compressors, diesel engines, rock-drills and many other implements, bulldozers from the U.S.S.R., which is also to build the turbines for the Sanmen power station, Tatra tip-lorries and Skoda-tracked vehicles from Czechoslovakia, boring machines, turret cranes and vans from Hungary, East Germany and Japan. An ex-army man, one of several hundred demobilised army men on the site, is in charge of the concrete mixing works.

The chart in the chief engineer's office shows that the Ling-pao area is the factory site for the grinding of

stone; Hweihsin is the place where six of the subordinate factories of the Engineering Bureau are located; the Ta An area is the area for the workers; and the Sanmen Gorge area is on the foremost front and for the present the most important of the areas. The office for the direction of the construction is on the hilltop near the right bank of the river. The whole forms a great system of construction ranging from Ta An to Sanmen along the bank of the Yellow River. Thousands of workers are converging and new offices, factories, and dormitories are being built for them. It is estimated that the reservoir will be able to store 64,700 million cubic metres, representing an elevation of the water level by ten meters as compared with the original plan, and an enlargement of the capacity of the reservoir by 28,700 million c.m. Of course, it will be many years before this final stage is reached when gradual elevations have been made on the large dam. The construction scheduled for 1957 will be in the main the excavation of the base on the left terminal of the dam. The plan for this year is connected with the targets set for the generation of electric power in 1961 and the basic completion of the work in 1962.

Construction of the Wuhan Iron and Steel Combine officially began on April 8, following basic completion of complex and strenuous preparations, save for the purchase of production equipment and installations which is still in progress. The Soviet Union undertook the designing of the Combine at the request of Peking. More than 700 books and 1,000 kilos of graphic and literal materials had been collected by the Chinese to assist the designers. They gave the data from large-scale surveys of resources and scientific experimentation. The site-choosing group prepared a list of 23 sites, with a great volume of data amounting to 800,000 words on the basic conditions of the sites, with hydrographic and weather conditions for the past 50 to 80 years.

First to be built will be the refractory material factory and the coking works. The ore will come from the Tayeh iron mine and the coal for coking from Fengfeng, Pinghsiang, and Hwainan. There will be 15 main producing factories and mines, including those concerned with mining, welding, processing of iron and steel, steel rolling, and coking. This large iron and steel combine will be complete in itself. It will have blast furnaces and open hearths with its equipment and installations and techniques on an advanced stage. By 1961 it will produce 1½ million tons of steel annually in addition to providing the steel products required by China's machine-building industry.

The Wuhan Combine, which succeeds the old Hanyeh-ping Corporation set up 60 years ago under Viceroy Chang Chih-tung's Hanyang Iron Administration Bureau, will be the second largest in the country, second only to the Anshan enterprise.

"CONTINUAL CONTRADICTIONS" IN PEKING

In the innumerable discussions that have been held since the beginning of 1957 on the contradictions within the ranks of the people in China, it was admitted in a despatch from the Hsinhua news agency correspondent that all agreed they did exist, between the Government and the people, between the Communist Party and the non-Party people, between the different nationalities, and between workers and peasants, over such concrete questions as national capital accumulation, and people's consumption, democracy and

centralism, employment and furtherance of studies for students. Comfort, however, was sought in the famous Chinese Communist State Paper "On the Experiences of the Proletarian Dictatorship" which says that "the development of Society is always carried out in the midst of continual contradictions."

The Peking People's Daily made it clear that the contradictions within the internal ranks of the people formed the major theme of Chairman Mao Tse-tung's address to the

Supreme State Conference, which sat from February 27 to March 1 in Peking. Even before this, editorials in the Party papers had indicated how preoccupied the Party leaders were with this problem. It is consistent with the faith of convinced Communists that they should rely on dialectics as the main method of solving these contradictions, which arise from no philosophic or theoretical disputes but from concrete conditions not remediable by masses of words or elaborate reasoning. But the dialectical exercises are directed not at the problems themselves so much as at the problem of removing the political sting and menace from these discontents. The main idea is that everybody should be allowed to ventilate his or her grievances and talk themselves black in the face about them. Having thus relieved their feelings they will then be deflated and the emotional discontents will be removed! It is a bit tough on the real Party pillars to have to listen to all these grouses in their Marxist paradise, but they were warned with remarkable candour in one of the many editorials in the People's Daily on the topic that the use of crude and compulsory methods would only make the situation worse. The paper insisted that the masses, "for whom we fought heroically at the risk of life," support the Government, but there were gaps between the ruling class and the people "with which we are not familiar and which we do not take, and do not wish to take, into consideration." The great and complex changes involved in the transformation of private ownership and individual management into public ownership and collective management made many feel unaccustomed to the new environment. It would take time and patience to consolidate the new social system, and meanwhile the "vacillating psychology" of the people was inevitable in this transitional period.

"Rather than using crude and compulsory methods, the Party should use patient methods of persuasion to help the bourgeoisie and petty bourgeoisie to accept Socialism consciously, and to accept Marxism-Leninism voluntarily, step by step over a long period." There followed the candid warning that "people in leading positions who fail to see or are unable to solve correctly the international contradictions within the ranks of the people are undoubtedly in danger politically." This apparently did not mean that the regime might be overthrown—though it is quite obvious that the Chinese leaders were never so concerned about the domestic situation as they are just now. But it was stressed that this political danger arises not only from their lagging behind history but from the possibility of becoming "dizzy with success."

The Chinese people had been led to believe that when industry and commerce and agriculture had been transformed all contradictions would end. But now they are told these were merely class antagonisms. The contradictions between "the capitalist enemy and ourselves have been basically concluded." But a picture of almost endless rifts and antagonisms is then drawn by the People's Daily in its April 13 editorial, for though "a great unity has been evolved, with a unanimity undreamed of in a class society," that is not to say that there are no more contradictions. "On the contrary, in the course of the development of the Socialist society, between productivity and production relationship, between the superstructure and its economic foundations, and between the different links of the economic system and the political system, there will still emerge conditions of a lack of complete co-ordination—that is to say, there will still emerge contradictions. In the internal ranks of the people, between the advanced elements and the backward elements, between those holding correct views and attitudes and those holding mistaken views and attitudes, between one portion of the masses and another portion of the masses, and between the masses of the people and their leaders,

there will still be found contradictions of one kind or another."

It was of the very nature of the Party's serious apprehensions that the editorial should straightway stress the contradiction between the masses and their leaders, "because the various principles, policies and concrete measures of the Party and State in the building of Socialism must be thoroughly implemented through leaders of various levels among the masses of the people. In production and in living, the masses of the people in many ways are under the control of those leaders, and their many demands and needs must also be satisfied through these leaders. For this reason, many contradictions in our society are often revealed in a concentrated manner through contradictions between the masses of the people and the leaders." But the method of dealing with the internal contradictions must be different from that of dealing with contradictions between the "enemy and ourselves." "We must start from the desire for unity and reach a new unity on a new foundation. Here the need to start from the desire for unity is of decisive significance. For without such a desire, criticism and struggle will not bring us to a new unity." The commentator did not go on to discuss what would be the outcome if criticism and struggle and contradictions produced a desire not for unity but for a new Government. And though in the following sentence the writer says that on the question of the decisive significance of the desire for unity "we shall seek another opportunity to undertake a more detailed discussion," it is hardly likely to go so far as to postulate the possible overthrow of the regime.

But there is one matter in which this dialectical discussion does come fairly close to earth, and that is in respect to the bureaucratic work style of the Party and State officials. This is a constant flagellation of flesh and spirit. It sets up tensions and emotions out of proportion to the immediate cause, and it is claimed quite soundly that complaints must first be known and become audible if they are to be remedied. Thus there "must first be solemnly and earnestly overcome" the bureaucratism among leadership workers. The victory in Socialist transformation creates "a favourable condition for the realization of the greater democratization of the State and the expansion of the people's democratic life. Under such circumstances, in the agricultural co-operatives, the handicraft co-ops, the State-owned enterprises, the joint enterprises, in Government organs and schools, in fact everywhere, there must be actively expanded democratic life, perfected various democratic systems, and the democratic work style promoted to a high degree. For examples, the conferences of members and the congress of co-operatives, the conferences of representatives of workers in enterprises, the regular meetings of workers of government organs, and teachers and students of schools, must all be placed on a regular basis, so as to promote their active role. In all such meetings, there must be created an atmosphere in which the masses will truly express their views freely, and evince interest in the expression of views, so that opinions may be widely solicited, and there will be truly realised the demand of 'speaking all one knows and speaking it fully, no fault being attached to the speaker while the opportunities for vigilance are afforded the listeners.' The leaders must not only listen fully to the views of the masses, but also deal with them earnestly. Whether the views of the masses are correct or not, whether they can be acted upon or not, the leaders must study them and reply to them. Those that are correct and practical must be accepted and carried out; those which are impractical or temporarily impractical must be explained in public. The views of the masses must not be laid aside unheeded, nor must they be treated in a perfunctory manner. No promises must be given at random to curry favour with the masses. More

important still, when criticisms by the masses are actually due to the mistakes of the leaders, the latter must resolutely and courageously admit before the masses their mistakes, and not pass the responsibility to higher or lower levels or other parties."

Stress is next laid on continued ideological and political work among the masses, for "only a correct ideological and political viewpoint" will enable the citizen in a Socialist society to understand correctly the significance of life and labour, the relationship between the individual and the collective body and between the individual and the State. Too many leaders have taken up the old practice of "once authority has been grasped, orders will be issued," and rely on administrative orders to replace ideological and political work. It is very natural for "certain improper ideological trends" to emerge when the leadership relaxes the ideological and political education of the masses.

Facts have proved, it is contended, that the more serious the bureaucratism of the leaders, or the weaker the ideological and political education work, the greater and more acute will be the contradictions within the internal

ranks of the people. What is not explained is how, having given the whole State over to the ventilation of their aches and pains, this mere letting off of steam will provide more places for discontented primary and secondary pupils who are told there is no room for them; will enable the housewife to buy over the counter, instant, instead of having to queue at unearthly hours and for punishing periods; will induce the farmer to stay on the farm and prevent him from fleeing to the cities; will cause the worker and the peasant to be convinced that each is doing better than the other instead of feeling that each is doing worse than the other; and indeed solve all the intricate problems which now beset the country and are trying the nerves of a very patient and industrious people more severely than they have been tried in living memory. Only a minority felt the flagellation of the natural pride of a truly great people in the degradation of their status in the first half of this century after the hapless Boxer episode. But every man and his wife and child feel like the toad under the harrow with all the hopes and hardships, the dreams and bitter difficulties, of life on a high revolutionary plane.

MONETARY DEVELOPMENTS IN TAIWAN

Monetary developments in Taiwan have been generally of the character that is to be expected at a time of national emergency. National security has received Government's top priority consideration and therefore high ratio in Government expenditure for national defense is inevitable. We are going through a transitory period, so almost every measure, economic or otherwise, adopted by Government on this island may be regarded as an expedient solution of a dilemma.

Inflationary Trend: Against this background, we are not surprised to find that the economic development in Taiwan, which has met with some success, has been accompanied by monetary inflation. From 1953 to 1956 inclusive, the period in which Free China implemented its first four-year development plan, commodity prices have advanced by

years; its net supply was up by 149.6 per cent from 1952 to 1956. Production increased by only 67.6 per cent and national income about 103.1 per cent during the same period. At constant prices of 1952, their increase would be only about 17.0 per cent and 41.8 per cent respectively.

Net money supply increased the fastest during 1955, 39.8 per cent; but in 1956, its increase was the smallest, only 11.1 per cent. This perhaps explains why complaints were heard last year from commercial and industrial quarters about the shortage of money and the fact that the open market rate of interest had gone up during the year.

In 1956 credit policy received growing attention, because in 1955 banks appeared to have overloaded. In January 1956 the Working Group on Supervision of Commercial Banks were keeping up their legal reserves for their deposits as required under our Banking Law.

Yearly Average Increases of Taiwan's Money Supply, Production, Prices and National Income 1952-1956

Year	Money Supply				Production		National Income		Taipei Whole-Price Index
	Gross		Net		Industrial Index	Agricultural Index	National Income		
	Amt. (NT\$ mil)	%	Amt. (NT\$ mil)	%			National Income		
							Amt. (NT\$ mil)	%	
1952	1,529	100.0	1,126	100.0	100.0	100.0	12,980	100.0	100.0
1953	2,219	145.1	1,473	130.8	130.6	109.5	17,693	136.5	108.8
		(145.1)		(130.8)	(130.6)	(109.5)		(136.5)	(108.8)
1954	2,843	185.9	1,810	160.7	136.7	111.1	18,525	142.9	111.3
		(128.1)		(122.8)	(104.7)	(101.4)		(104.7)	(102.3)
1955	4,005	261.9	2,529	224.6	149.7	114.8	22,486	173.5	127.0
		(140.9)		(130.8)	(109.5)	(103.3)		(121.4)	(114.1)
1956	5,056	330.7	2,811	249.6	167.6	111.9	26,300	203.1	143.2
		(126.3)		(111.1)	(111.9)			(115.9)	(112.8)

Notes: (1) Gross money supply is defined by Bank of Taiwan as net money supply plus demand deposits held by Government agencies and held by Counterpart Fund (Free Account). (2) Money Supply figures for 1952 and 1953 as listed in the table are averages of June and December only, not averages of twelve months, as is the case for 1954, 1955, and 1956. (3) The percentage figures in blankets are link figures comparing two successive years. (4) The industrial index for 1956 is the average index for the first six months only, and the national income figure for 1956 is only an estimate.

43.2 per cent, which must be considered as rather significant. Because of this, the Government has, therefore, made determined efforts to keep them from further rises.

It will be seen from the following table that Taiwan's money supply increased rather fast during the last four

In order to meet the reserve requirements, the commercial banks did for sometime restrain their loan operations. As a result the aggregate amount of loans made by the commercial banks increased much less in 1956 than in 1955; it only increased from NT\$1,342 million in December 1955 to NT\$1,414 million in September 1956.

Being not subject to the reserve requirements, Bank of Taiwan was able to expand their loans much more than other banks in 1956. As was recorded, it increased its loans to government and public organizations to the amount of NT\$1,860 million in September 1956 from NT\$1,767 million in December 1955, and to Government enterprises to the amount of NT\$2,526 million from NT\$1,995 million. During the period its loans to private firms and individuals also increased from NT\$278 million to NT\$370 million. Therefore, it is evident that the increase of 11.1 per cent in the total money supply in 1956 was largely due to Bank of Taiwan's loan operations.

Interest Rate Problem: In view of the above-mentioned inflationary tendency, it seems rather strange that the official policy of Government for years has been to try to lower the interest rate so as to reduce the cost of borrowing. Twice in 1956 Bank of Taiwan and other commercial banks attempted to simplify the interest rate structure and to lower some of their interest charges. However, the open market rate of interest did not follow suit. On the contrary, it moved further upward. Since the open money market still provides an important source of money supply, it becomes a difficult problem for the monetary authorities to tackle.

The obvious reason why the open market rate of interest would not follow the rates charged by the banks was the fact that the loan policy of the banks did not coordinate with their interest rate policy. A low interest rate policy should be generally associate with a liberal credit policy, otherwise it defeats its purpose. But our banks did not do so. Consequently, more borrowers had to come to the open market for loans, thus pushing up the open market rate of interest. If the open market rate of interest was to follow, the banks must be prepared to extend more loans than before.

But here comes a paradox: we cannot hope to influence the open market rate of interest unless we adjust our loan policy to it; but then an expansion of credit might lead to further inflation, which might in turn cause higher open market rate of interest.

Monetary inflation is surely the most important and basic cause for the high open market rate of interest in Taiwan, and we must do everything we could to keep it under control. However, inflation is usually generated by government deficit spending rather than by expansion of bank credit. Whether commercial and industrial loans will have the effect of increasing inflationary pressures is a complicated matter, all depending upon circumstances and the real nature of the loans. By circumstances is meant at least the employed conditions of resources. Sound loan policy will dictate that no loan shall be granted to finance a speculative transaction.

There is no question that the interest rates now fixed by the banks are still rather complicated and should be further simplified. It is of course not necessary to have

any interest paid on current deposit accounts. Interest should be paid only to savings or time deposits which have a duration of at least three months. It should be a uniform rate for all savings.

Savings of a country are not to be increased by attractive interest rates offered by the banks, which cannot be too attractive in any case as compared to direct investment opportunities. They are more likely to be increased if real investment opportunities are provided and if the general level of national income is raised. Savings in Taiwan are low because the people in general are too poor to save and because there are speculative activities.

Credit Management Problem: Monetary developments in Taiwan might have taken a different course and its inflation might have been more moderate if the techniques of credit control have been more effectively developed.

Credit management of a country requires the existence of a strong and independent central bank. Bank of Taiwan is now performing some of the duties of the central bank, but it has found itself difficult to reconcile its functions as a commercial bank with its central banking functions. Being a provincial commercial bank in status and having commercial interests to take care of, it is bound to be difficult in pursuing its credit policies as it would be if it were a central bank. The central bank should be charged with the exclusive task of managing the country's credit and currency; its supreme goal is to maintain monetary stability of the country.

But in order to do so, the central bank should be equipped with effective instruments of credit control. There are usually three instruments which central banks customarily use in regulating the supply of money, namely, reserve requirements, discounting and open market operations. But we in Taiwan have used the instrument of reserve requirements only. Since our short-term commercial bills market is not active and negotiable Treasury bills and Government bonds are negligible, there has been no effective way for Bank of Taiwan to operate on open market or to discount and rediscount bills as measures to regulate the supply of money. Consequently, direct control methods have been relied upon to screen applications for bank credits.

These methods would have been unnecessary if our money and capital market were more organized and developed.

Conclusion: There are actually three monetary problems in Taiwan today: (1) inflation, (2) high interest rate, (3) credit control. The first is the most fundamental and is related to the second, which can be solved only if and when the first problem is solved. Credit control will remain a problem so long as the institutional factors are not solved.

M. H. Li
(Taipei)

DEVELOPMENTS IN SINGAPORE

Towards Internal Self-Government

Once the issue of the definition of the position of the Malays in Singapore had been resolved enough to allow Abdul Hamid bin Haji Jumat to join the Mission to London, progress was smooth towards the successful definition of Singapore's next stage of constitutional development. The way had been well-prepared by the Chief Minister last

December, and there was no need for the spectacular public demonstrations of last year. Each step forward was surely taken in the public eye and little room for manoeuvre was sought for last year it had proved a source of weakness in face of the Colonial Office, and a cause of dissension within the delegation. In the light of the current situation within the Colony and in the colony's relation to the Federation, of the known views of the Colonial Office, and of the

state of public opinion, the All-Party meetings defined what they considered the necessary steps. These they published and tabled before the Assembly for their approval, in contrast to last year when the exact demands of the delegation were only known from the White Paper published after the failure of the Mission. The members of the Singapore delegation were only known from the White Paper published after the failure of the Mission. The members of the Singapore delegation were five in number: the Chief Minister, Mr. Lim Yew Hock, Che Abdul Hamid, the Deputy Chief Minister and leader of the Singapore branch of UMNO; Mr. Chew Swee Kee, the Minister for Education; and from the opposition benches were Mr. Lim Choon Mong of the Liberal Socialist Party and Mr. Lee Kuan Yew of the People's Action Party. Not only was the delegation smaller, but it was united and a team, and by its words and actions showed that it was a united team.

The All-Party Conference agreed to ask for the basic constitutional pattern of the State of Singapore which was agreed at the last talks. The main changes would be the increase of the membership of the Legislative Assembly to 51; the departure of the ex-officio and nominated members from the Assembly; the Council of Ministers to consist entirely of elected members under the chairmanship of the Prime Minister instead of the Governor; the abolition of powers of disallowance of Bills by the Crown; and the creation of a Singapore citizenship.

External Affairs and Defence would remain with H.M.G., except in matters of culture and commerce. Internal security would lie with the Singapore Government but where differences of opinion arose on matters of internal security involving H.M.G.'s power over external defence and affairs, the dispute would be resolved by a 7-member Security Council consisting of the Prime Minister and two Ministers, the High Commissioner and two representatives of the U.K., and a Minister from the Federation of Malaya who would in effect have the casting vote. The High Commissioner would preside but would only have an original and not a casting vote. The offices of the Governor-General and the High Commissioner would be separate and held by different individuals: and the former should be a Malayan. They also decided that the responsibility for Singapore affairs in the U.K. should be transferred from the Colonial Office to the Commonwealth Relations Office and that the present Speaker should remain in office for one year after the introduction of the new constitution, and that thereafter the Speaker should be elected by the Assembly either from among its own members or from outside its members. Finally to meet the special case submitted on behalf of the Malays, they agreed that the following paragraph should be written into the agreement:

"That it shall be the duty of the Government of Singapore at all times to protect the political, economic, social and cultural interests of Malays, and other minorities domiciled in Singapore. It shall be the deliberate and conscious policy of the Government of Singapore at all times to recognise the special position of the Malays, who are the indigenous people of the island and are in most need of assistance, and it shall be the responsibility of the Government of Singapore to protect, safeguard, support, foster and promote their political, educational, religious, economic, social and cultural interests and the Malay Language."

The details of the Assembly approval were debated in the Assembly on March 5th on a motion accepting the White Paper prepared by the All-Party Committee and instructing the All-Party Mission to London, "...to secure from Her Majesty's Government for the people of Singapore the status of a self-governing state with all the rights, powers

and privileges thereto appurtenant in all internal affairs and the control of trade, commerce and cultural relations in external affairs."

The Chief Minister, Mr. Lim Yew Hock, in the Assembly debate set the theme when he said, "The terms of the motion are clear. We are seeking complete internal self-government and not independence. We maintain, and maintain with all vigour, that the people of Singapore have the inalienable right to self-determination, and to deny them this right will be tantamount to a breach of faith on the part of H.M.G. We want to remain friends with the British but our dignity as equals must be recognised. A new chapter in the relationship between Britain and ourselves is being written and this chapter can be a happy one of healthy and fruitful co-operation if the Mission succeeds.

He emphasised, as did all the subsequent speakers, the genuine spirit and fact of unity among all the Parties on what they would seek in London. Mr. Lim Choon Mong of the Liberal Socialist Party said that this second Mission went with the lessons learned from the experience of the First Mission. In fact, throughout, Mr. Marshall although physically absent from the Assembly on a legal case in Borneo, was very much present in the minds of all who spoke. Mr. Lee Kuan Yew too drew contrasts with past history. He thought the chances of failure were not high. "This time we go with our demands more clearly defined and soberly but firmly precised." He gave three reasons for expecting success; first that their demands guaranteed to the British Government "their paramount military and strategic needs and at the same time gives us adequate room for full internal control". Secondly, the cohesion of the Mission and less emotional leadership, and thirdly that the "British Government knows that if this time the talks fail, we are agreed on united action when we return." Talking of the next stage he said Singapore's only future lay with the Federation. "Let us face the fact that we must make it palatable to the Federation to help us to help ourselves." He appealed to the Federation leaders to see "that it is better to have Singapore a part of the Federation and under Federation control than outside the Federation and outside its political and military control." Singapore's entry as one state would not upset the political balance of power in the Federation and separation could cause mutual embarrassment as it had in causing the recent extreme Malay demands in Singapore. The motion was passed by 26 votes with no opposition votes. Mr. Marshall, Mr. Lim Chin Siong and Mr. Seah Peng Chuan were absent. The officials abstained.

Before the departure of the Mission, a telegram was received from the Federation Chief Minister. It read—"Wishing the Mission the best of luck. Under your leadership I have no doubt of the result. I will be following progress made from day to day and if any help required you will know what to do. God speed and success". To this, Mr. Lim Yew Hock replied: "Singapore is grateful for your good wishes and your fine co-operation in our proposal regarding the Security Council. I take heart from your good wishes and your own Merdeka success".

Kranji War Memorial

There are times when the stream of history seems to halt its course while memory moves back to recall a vivid past. Such a time was the unveiling on March 2nd of the War Memorial at Kranji to the 24,000 men of all races who were killed in the Malayan area during the war of 1939 to 1945. "They died for all Free Men" says the legend in six languages. They are the comradeship of the Commonwealth at its fullest. Indians and Pakistanis (the largest element), British from the U.K. (the next largest) Aus-

tralians, Malaysians, and men from the other Dominions. The memorial is sited with tragic appropriateness on a hillside overlooking the Straits of Johore which the Japanese successfully crossed.

Chamber of Commerce Reports

On March 22nd, Mr. M. F. Cutler, President of the Singapore Chamber of Commerce gave his annual address to the Chamber. He reported that the value of Malayan trade in 1956—\$8,318,792,905—was at its highest since 1951. The favourable balance was \$12,615,000 compared with \$334,475,000 the previous year. Singapore's trade represented 70% of the total trade of the two territories. He expressed the opposition of the Chamber to any attempts by Government "to extract revenue at the expense of our trading" for "Beset as we are today by the political and nationalistic influences surrounding Singapore and which impose their own restrictions on our trading efforts, it is all the more necessary to ensure that we accept no internal restrictions which will interfere directly or indirectly with our efforts to bring Trade here." He emphasised the need of closer friendly trading relationship with Singapore's neighbour, particularly with the Federation whose policy was moving towards political isolation. "It is to be hoped that Singapore with its geographic and other well established advantages, its history of long and efficient service in local manufactures as well as in Exports and Imports, and its keen desire to co-operate, will be able to remain a favoured partner in trade with the Federation during these political adjustments." Emphasising that "Singapore can only expect to support its people at even a reasonable standard by its commercial enterprise" and that the consequence of interfering with Singapore's finely balanced economy must always be seriously weighed." Mr. Cutler appealed for greater and more responsible use of the machinery of industrial negotiation within Singapore. He concluded with a tribute to the Government of Mr. Lim Yew Hock. "There can" he said, "be no doubt that Government has been ably led and its proved desire to face up to its responsibilities must have impressed our neighbours. If the atmosphere of security can be maintained then our trading relations will have been greatly helped."

Singapore Links with India

In a well-earned tribute to Mr. R. K. Tandon, who has left Singapore after two years as Indian Commissioner in Malaya, Mr. Lim Yew Hock described him as having "symbolised for us the active and friendly interest" of our greatest neighbour in South East Asia". This was symbolised by two links which were confirmed during the last two weeks of his stay. Mr. Tandon presented to the Chief Minister a cheque for nearly \$8,000/- which was the proceeds from a concert organised during the visit of the Indian Cultural Mission last summer. Half of the money is to go to the Arts Council for the promotion of activities which will increase the knowledge and understanding in Singapore of Indian culture; and the remainder will be divided equally between the University of Malaya Library and Raffles Library for the building up of a collection of books on the culture of India. On March 4th, Mr. Tandon handed over to the Ministry of Communications and Works an HT-2 trainer aircraft as a gift from the Government of India under the Colombo Plan. It will be used by the Singapore Flying Club to train six pilots to private pilot licence standard, the best going forward for training to commercial standards. In his speech of acceptance of the aeroplane, Mr. Francis Thomas, the Minister for Communications and Works paid tribute to Mr. Tandon as an "indefatigable agent of good-will and good-neighbourliness".

Industrial Promotion Board

On March 6th, the Minister for Commerce and Industry, Mr. J. M. Jumahoy addressed the opening meeting of the Industrial Promotion Board which has been established with a capital of a million dollars in the first place. The Minister said their purpose was "to assist applicants who warrant financial aid because their proposals promise the expansion or improvement of one or more local industries". But they were not to act as a bank in competition with existing banks. "Rather you should be the go-between to assist applicants to make the fullest use of the established financial machinery by offering marginal assistance to bring the request within the normally acceptable field." Speaking a few days later at the opening meeting of the Singapore Rubber Goods Manufacturers' and Traders' Association, he emphasised that this was as much in the interests of Labour as of Capital, for "Labour stands to benefit if there are bigger local industries." He also announced that Government planned to set up a Research Institute to assist local industries to improve their product and modernise their methods.

Singapore Regiment

The response for the recruiting of the Singapore Regiment which opened on March 4th has been successful beyond expectation. Within four days, recruiting had to be closed to allow for the testing of those who had already signed their names; and after the re-opening for a further week, enough had been tested by a medical and simple intelligence test from those who had applied to meet the training facilities up to the end of the year. The standard of the recruits is high and they come from all groups of the community, including the racial groups, in all-important feature. All training will be in the language of the recruit. 1420 applied at the recruiting office: of these 300 have been accepted after passing intelligence and medical tests. On basic standard another 500 are eligible. 60% of the recruits are Chinese and 35% Malays.

In his broadcast appeal for recruiting on the eve of his departure for the constitutional talks in London, Mr. Lim Yew Hock, the Chief Minister said "If we are asking for full internal self-government, we must have the forces to defend it. Every adult community must have such a force to back up its Police force. We cannot join with the Federation at this stage but when we do, we must have our contribution ready towards the combined defence forces of the two territories. And, meanwhile, if we are threatened from outside, we must not depend on others to defend us. Some say that Singapore can never by itself defend itself; that is true. We will require allies; but our self-respect from which the urge for Merdeka comes, demands that we shall, at least, be able to play a part, according to our capacity. "This is a practical and essential contribution to Merdeka. And while we are negotiating for Merdeka in London, let the testimony of the recruiting office add strength and justice to the legitimate and reasonable recognition we are asking of our new stature and capacity."

Malayanisation

The first major step in the Malayanisation Policy set out by the Government last December was taken on March 5th when the names were announced of the new Permanent Secretaries of the Ministries who took office immediately. Mr. S. T. Stewart has been appointed as Deputy Chief Secretary, and with the move of Mr. W. A. C. Goode to Government House as Officer Administering the Government, on the departure of Sir Robert Black for the constitutional talks in London, Mr. Stewart becomes acting Chief Secretary, and as such undertakes not only the administrative

responsibilities but takes his ex-officio place on the Council of Ministers. Mr. Oon Khye Kiang becomes Permanent Secretary in the Finance Ministry, and Mr. R. C. Hoffman in the Establishment Branch. Of the other Ministries, Mr. L. C. Goh goes to the Ministry of Labour and Welfare, Dr. Doraisingham to the Ministry of Health, Mr. K. M. Byrne to the Ministry of Commerce and Industry, Mr. Hon Sui Sen to the Ministry of Local Government, Lands and Housing, Mr. P. R. Lewis to the Ministry of Works and Communications and Mr. Lee Siow Mong to the Ministry of Education. The appointments have been well received by the Press and the public, and, with the practical problems of transition ahead, the political heat which this issue has dangerously engendered should now subside.

Postponed Elections

A second theme—that of the postponement of the new elections to the Legislative Assembly—ran through the Assembly debate of the Constitutional discussions. During the immediate aftermath of the October riots, the Chief Minister, pressed by Mr. Marshall from the Government back benches, announced that elections under the new constitution would be held in August 1957. The question was discussed by the All Party committee and it was agreed to put the decision on the practicability and wisdom of this step to the Assembly whose decision would be accepted. The Committee thought that elections should be postponed so that the 200,000 new citizens who would be registered under the new proposals could be put on the electoral register. This could not be achieved by August 1957. The British Nationality Act would require amendment; citizenship legislation would have to be passed in Singapore; a reasonable time allowed for registration of citizens; and finally there would be the period of compiling the new register. Mr. Lim Yew Hock said that when date of elections was given he agreed that the public should have an oppor-

tunity of expressing judgment on the actions they took last October to meet subversion. Plans for the elections were well ahead. But the decision on postponing the elections must not lie with government alone whose motives could be easily mis-represented. It was, however, the government view that the new citizens should take part in the next election and that the coming into force of the new constitution should be synchronised with the date of the elections. Mr. Lim Choon Mong for the Liberal Socialists agreed that elections were not possible in August, but urged that the delay should be as short as possible. Mr. Lee Kuan Yew for the PAP was explicit in his agreement. He said he had never believed that elections in 1957 were practicable. "The decision of my party is that the reputed 200,000 people who would have the right to vote under the new citizenship laws should be put on the register, before the next elections." Further consideration was however necessary of the time-table ahead. No later speeches opposed postponement.

Mr. Marshall, however, has come out in opposition to this policy agreed among the parties, and has been supported by a statement of 19 of the Trade Unions who were affiliated to the former Shops and Factory Workers Union. There has too been some impatience expressed in the Chinese Press, and the ventilation of suggestions that there should be an interim election on the present register and a subsequent election whenever the new registration is complete. But the mechanics of bringing the new constitution into being are not discussed in this context. There will be impatience and criticism and there will be attempts to make it a political issue against the government. But with all parties agreed and with the support of Chinese leaders such as Tan Lark Sye and Ko Teck Kin in support of postponement, there should not be any major difficulty. After all the achievement of citizen status is a long term achievement and guarantee of a stake in Malaya which in these days is a dominant consideration in the minds of the Chinese-speaking community.

AGRICULTURE, FORESTRY, LIVESTOCK AND FISHERIES OF INDONESIA

AGRICULTURE

The 1955 crop remained very much below the record yield of 1954. Rice production estimated at 7½ million tons, was less by 404,000 tons or about 5.4% as compared with 1954. This result is due to incessant heavy rains which caused floods. The chief reason of these floods is the increasing erosion resulting from illegal felling of trees and injudicious use of the soil. Since moreover, because of the erosion, rivers become shallow and therefore quickly overflow their banks, the urgency of repairing dams, and reservoirs comes to the fore. On top of all this an extensive acreage was damaged by mice and hogs as well as other plagues. The diminished imports of fertilisers in consequence of heavily reduced Government expenditure, was another reason for lower production per hectare.

Most Important Food Crops in Djawa and Madura ('000 tons)

	1937	1955
Rice (irrigated -----	3,652	4,279
(non-irrigated -----	223	144
Maize (kernels) -----	2,037	1,448
Cassava (roots) -----	7,637	6,475
Batatas (roots) -----	1,182	983
Ground nuts (peeled) -----	181	177
Soya beans (peeled) -----	269	307

The maize crop for a large part suffered badly due to the bad weather conditions. Similarly yields of other crops

were less. Maize suffered a decline in production by 839,000 tons or 31%. Cassava output fell by 189,000 tons or 2%, while batatas production was lower by 12% or 246,000 tons. For groundnuts and soyabeans the decrease amounted to 31,000 tons and 55,000 tons respectively, or 13% and 14%.

Rice Situation in Indonesia

	1954	1955
('000 ha)		
Harvested area -----		
Irrigated rice -----	5,468	5,507
Non-irrigated rice -----	1,144	1,043
('000 tons of rice)		
Production of irrigated rice -----	6,670	6,409
Production of non-irrigated rice -----	859	716
Imports from abroad -----	253	125
Mutation of J.U.B.M. stocks -----	+ 74	- 387
Available for domestic consumption -----	7,856	6,863

As the road system was in like manner damaged by floods, and moreover, on considerations of retrenchment, the frequency of trains on the less important routes in Djawa had to be curtailed, hindrances were encountered in the distribution of available foodstuffs, bringing about dire scarcity in a number of so called minus areas. The supplying of the Outer Islands stagnated also to a smaller or larger extent.

Following on the deterioration of the domestic food situation exports of food fell considerably. Of soya beans there was actually no exports at all during 1955. Exports

of maize and groundnuts amounted to 10,127 tons and 4,228 tons respectively, representing a decrease of 41% and 74% respectively as compared with the preceding year. Exports of tapioca flour amounting to 179,774 tons were 23% up, thanks to higher exports during the first half-year, mainly to Japan.

The acreage under paddy at the end of 1955 was 4% more than in the previous year, while the areas under batatas and cassava were larger by 4% and 70% respectively. Other food crops fell in acreage, viz. paddy gogo—19%, maize—11%, groundnuts—4% and soya beans—17%. With reference to maize, the standing crop is threatened again by hogs and floods.

Government measures: The Djawatan Pertanian (Agricultural Service) is making propaganda for the so called compound cultivation, i.e. planting of fruit trees, tuberous plants and other products on compounds with the object of combating erosion to some extent, while attention is paid to terracing. The funds available, however, are limited. On construction and improvement of dams and reservoirs Rp 91.3 million was spent during 1955 against Rp 66.1 million in 1954. Expenditure for rural irrigation works was about the same as in 1954 and amounted to Rp 10.9 million. The acreage planted with high quality paddy decreased by 200,000 hectares, aggregating 1,500,000 hectares. The land surface under green fertilisers covered 100,000 hectares, which compared to 1954 represents an increase of 20,000 hectares or 25%. Djawatan Pertanian concluded credit agreements with a national bank and a number of national importers, in order to restore the importation of fertilisers for food producing agriculture to a more adequate level. At present there are 225 farm tractors in use in Indonesia, which are spread over the archipelago as rationally as possible.

Rice: No fundamental changes were made within the internal organisation of *Jajasan Urusan Bahan Makanan* (Food Fund). The Rice Ordinance 1948 remained in force as well as the system of licences for interregional rice transport. The lower rice production and the unfavourable price trend, however, contributed to speculative practices and smuggling. From 1st March, 1956 licences for hulling plants are issued exclusively to enterprises owned fully by Indonesian citizens. Hulling met with difficulties as paddy could not dry fast enough because of inclement weather conditions. The amount spent in 1955 by J.U.B.M. for hulling totalled Rp 97 million, which was Rp 22 million more than in the previous year owing to the fact that a quantity of about 400,000 tons of paddy ex-crop 1954 had to be hulled in 1955. The financial results of J.U.B.M. for 1954 resulted in a loss of about Rp 50 million; for 1955 revenue and expenditure will probably be in balance.

As a result of the fall in rice production buying-up of paddy was most unsatisfactory. On the strength of the favourable crop in 1954, the 1955 buying-up scheme planned for considerably higher yields but proved too ambitious as only 47% of the planning did materialise. In Sulawesi the impact of insecurity resounded so strongly that buying-up became a total failure. Compared with 1954 net buying-up lagged behind by about 260,000 tons in 1955, or 31%. Total buying-up aggregated 592,943 tons.

Because of the disappointing crop there was no sense in withdrawing large quantities of rice from areas where in all probability they would have to be returned sooner or later in the form of rice injections. Moreover, the rise of the free market price above the price fixed officially for buying-up rice, lessened any inclination to sell to J.U.B.M. The Government price has remained practically on the same level during the past years, in contrast to the general price level which rose considerably. Thus the inflationary pres-

sure shifted disproportionately to the farmers. In view of this it was decided in 1955 to raise the buying-up price from an average of Rp 82 per quintal to an average of Rp 93 per quintal; for 1956 a further increase was decided upon, varying from Rp 103 to Rp 120.

The viewpoint held by the Cabinet that no further imports of rice were necessary for 1955, led to the eating into the so called iron stock. On account of this it proved impossible in the long run to bring quick and sufficient relief to the threatened areas. Inasmuch as rice injections were given for the purpose of checking the rising price level, the effect was lost by stagnation in transport. Rice prices in general were continuing their upward trend. Compared with 1950 the rise in the principal towns varies from 36% to 205%, in the countryside the price of rice soared by an average of about 138% during the last five years.

In view of the necessity to replenish and maintain the stockpile, the urgency of rice imports became very pressing during 1955. The Cabinet sanctioned imports of rice totalling 635,000 tons. Large contracts were concluded with Thailand and Burma, while smaller orders were placed with Italy and Brazil. The price per ton was £40 for the first contracts; later contracts were closed for prices varying from £36 to £40 per ton. The flowing-through of these rice imports did not at first materialise at the desired pace, so that no drop in price occurred. An agreement has been concluded with the United States on the purchase of agrarian surplus commodities, which provides for an amount of 250,000 tons of rice to be delivered to Indonesia over a period of two years.

FORESTRY

As rainfall in 1955 was in general more abundant than in 1954, the sequences of the ongoing deforestation were more serious. Time after time large areas particularly in Djawa were inundated. Just how serious the deforestation really is was revealed by the Head of Djawatan Kehutanan (Forestry Service) at a congress held in Bandung during January 1956, when problems facing this service were discussed. Since the War an area of about 500,000 hectares succumbed to illegal felling. On the other hand only 270,000 hectares could be reforested anew. The loss of income incurred by the Government therefrom has to be reckoned in millions of rupiahs; e.g. the loss in one single district of Djawa Tengah was estimated at Rp 24 million over the last six years. Since distribution of foodstuffs stagnated in various places, and bearing in mind the increase of population, the fear is that further large areas will be lost by illegal felling to satisfy food production. Additionally, the steep rise in lumber prices is an inducement for theft.

LIVESTOCK

Animal husbandry displayed satisfactory progress in 1954; especially cattle (+9%) and smaller livestock (+19%) increased in numbers. Figures on pig-breeding are unreliable. Difficulties in transport caused difficulties in the supply of slaughter cattle in Djakarta, resulting in higher prices of meat. In the middle of 1955 a further hundred of Danish dairy cattle was imported by the Government to improve stockbreeding. Also for the account of private dairy farmers, particularly in Djawa Barat, Danish dairy cattle was imported during last year. Some of these enterprises already have a number of modern milking machines at their disposal. The present number of cattle breeding stations in Indonesia is 62, of which however, 9 are not operating.

The number of chickens and ducks was estimated at 78 million and 17 million respectively for the year 1954. The fight against Newcastle disease was only partly success-

HONGKONG NOTES AND COMMENTS

UNRECORDED EXPORTS

Local trade statistics are like all statistics—giving part of the true picture, an indication of commercial activity, general trends. One could feel alarmed at our high imbalance, there being always a heavy import surplus; actually, exports are far higher than recorded by our local official statisticians. Partly this seems to be the fault of errors committed by merchants and shippers when making export declarations, partly it is due to lack of well trained staff. However the real trouble with local trade statistics and their analysis lies in the fact that there is so much illicit trading which cannot possibly be included in the official statistics. Heavy regular exports by tourists and travellers are being made which considerably reduce the import surplus; there is professional and well organised smuggling (a traditional occupation here and, before the communist era dawned, in all China ports) which as a matter of routine manages to export all kind of goods to China, Southeast Asian countries and elsewhere in Asia and beyond.

Large quantities of merchandise are regularly exported, without declaration on the part of shippers, to the Philippines—to mention only one Southeast Asian country. The press in Manila reports frequently on smuggling of commodities, usually luxuries, from here to various ports in the Philippines. Many scandals have been exposed publicly, and the reputation of Hongkong as a centre for smuggling

ful, as the population is not yet convinced of the importance of vaccination. It is hoped that by intensifying propaganda stronger convictions will be gained, and thus bring about a turn for the better.

FISHERIES

Owing to bad weather, the production of sea fisheries declined by about 2.1% during 1955. Catches totalled 393,000 tons against 401,000 tons in 1954. The Government is endeavouring to modernise sea fisheries. In some cases these efforts are facing opposition, due in part to superstition such as a bias against the use of iron for fishing utensils. By means of information and instruction these prejudices could be overcome to a large extent.

Noteworthy is the plan of Dinas Perikanan Laut (Service of Sea Fisheries, Ministry of Agriculture) to materialise with the assistance of the International Co-operation Administration (I.C.A.) a project for sea fisheries at Kota Baru, Kalimantan, which comprises inter alia: (a) a plant for the manufacturing of fish-meal; (b) a fish cannery; (c) establishments for the mechanical drying and salting of fish; (d) plants for the manufacturing of fishing-nets; (e) a fishermen training centre.

A start has been made with the construction of the various sections of the project at Kota Baru. It is hoped to complete the whole project in two or three years' time.

Results of inland fisheries increased in all regions. Total catches rose from 227,000 tons in 1954 to 259,000 tons in 1955. The largest increase occurred in Kalimantan, thanks to the activity of the population in extending fish ponds. In these ponds mostly "sepat Siam" is bred. In the Djapara region the population, under the guidance of the Service for Inland Fisheries of Djawa Tengah, is improving the cultivation of oysters. One kilogramme of oysters at Djapara at present fetches Rp 8, while the average price of sea fish does not exceed Rp 5 per kilogramme.

has been boosted. Recipients of cargo in Philippine ports are, as could be expected, often bribing customs officers there or are operating under protection of some political clique. Much merchandise has in recent months been exported from HK to ports in the Philippines through the mails, falsely declared so as to deprive the Philippine customs of duty collection or to prevent seizure. Hongkong recorded exports as what they were declared by the exporters—for instance practically worthless old newspapers, while actually there were found by the Philippine customs organs large consignments of watches, fountain pens, ladies' apparel, ornaments and costume jewellery etc. What amounts of goods are being illicitly shipped to Korea, Japan, Thailand, Vietnam, Indonesia etc. can hardly be estimated but these unrecorded exports are very important items from a balance of payments point of view. Included in these undeclared shipments are not only imported goods (from US, Europe) but also locally manufactured articles.

With China our trade statistics show a very heavy import surplus. That is so and will remain so in spite of the large smuggling of goods from here to Kwangtung and also, to a smaller extent, to other parts of China. The trade policy of Peking as far as it concerns Hongkong is—quite logically—one of utilising this British colony as a buying centre for Chinese produce and manufactures, both for use by the people living here and for reexport. Peking does not require very much the services of Hongkong for making its purchases; it can do that directly, in world centres, without paying any unnecessary commissions to local dealers and import houses. But a good deal of so-called consumer goods—of the type which Peking has declared as luxuries or unessentials—are regularly finding their way into China.

Thousands of petty traders are carrying goods of any description from here (via rail) or from Macao (ship or bus) to Canton (or any cities and villages in Kwangtung). Canton's prices are far higher than local ones—the petty traders can make generally 100% profit, often 200%. This shows, incidentally, that there is a great shortage of consumer goods in China, and conditions over the border are far from those depicted by the communist propaganda. The petty traders, or smugglers, buy here hundreds of different items for sale in Canton, such as local manufactures and imported drugs, cosmetics, clothing of any description, writing utensils, fabrics, wrist watches, footwear, articles made of plastic materials etc. Usually the smugglers work individually but many work as a team. In Canton the buying side is often organised since onward transport (to other parts of China) has to be arranged from Canton but individual brokers and dealers are extremely numerous. The Chinese customs often effect seizures and thus this kind of trade is at times heavily penalised. The Chinese customs officers at rail, road and sea stations are fully aware of this illicit import of goods from Hongkong into Kwangtung but short of drastic action this business cannot be stopped. The demand in Canton remains strong and incessant.

The miserable lot of the petty traders is such as to compel them to take any risks just to keep on living—in Hongkong. Though their life is precarious, they still refuse to return to their native land. This may be a very adverse reflection on the communist regime in China; it may also indicate how serious is the overbreeding in China and the resulting population pressure which resembles desperation. It is a desperate thing to carry regularly watches from here to Canton, concealed inside the bodies of men and women, knowing that discovery will result in seizure

and a heavy fine to be paid in People's Bank yuan, and even in certain cases, to detention for six months. This concealment is also dangerous to the health of the smuggling person unless the intramission is being effected by experienced assistants. Several cases of internal lacerations have been reported and recently a fatality occurred when a male smuggler collapsed in the house of a watch buyer in Canton as this unfortunate man had overloaded and suffered then from an internal hemorrhage.

Proceeds of sales of smuggled goods in Canton are in most cases deposited with 'friends' in that city, only in exceptional cases are HK\$, yuan or US\$ taken out of China, the risk being too great. The yuan proceeds are subsequently sold to the local free exchange market at the rate of about 2 yuan per HK\$ which is considered favourable enough by buyers here of remittances (to Chinese families) to avoid the facilities offered by the official banks of People's China and the higher (official) rate charged by them. The free market rate of the yuan (for transfers) fluctuates in accordance with demand (coming mainly from local and overseas Chinese for remittances back home) and with supply (from proceeds of smuggled commodities sold in Kwangtung).

In pre-Communist days one referred to this kind of trade with neighbouring Kwangtung as 'small border trade' but it amounted in the aggregate to a big sum of money. It was always largely unrecorded and often considered by the Chinese Maritime Customs as illicit trade. In the recent past this trade, mainly exports from here to Kwangtung, has been—from the Chinese official point of view—outright smuggling but no stern action has been taken such as one usually associates with communist authorities. The people of Kwangtung, thanks to the persistent petty smuggling from Hongkong, have more consumer goods and they look for larger illicit imports with resulting lower prices. Macao obtains all its supply of consumer goods from Hongkong and illicitly exports them across the border to neighbouring districts of Kwangtung, the petty traders being largely Chinese residents of Hongkong.

If all exports from here to China (direct or via Macao) could be recorded, our balance of trade would look less foreboding. The picture would still appear brighter if other exports, such as to Japan, the Philippines, Indonesia etc., could be statistically comprised. But the important thing is not to have a statistically satisfactory situation but a steady, regular, profitable flow of trade, this being the principal raison d'être of Hongkong.

CURRENT BUILDING DEVELOPMENT

Since second half 1956, a large number of new real estate firms have been established. There were already very many here before. Large companies concentrate on ambitious projects in crowded residential areas and business centres while smaller firms build multi-storey tenement blocks in areas where land is less expensive. This boom, however, lacks the strength of planning. Some organizations with insufficient resources are launching huge projects and more than one building at a time. Many tall structures recently completed show already signs of bad workmanship and poor planning and designing; materials used were also inferior. The high rate of redevelopment brings with it problems of water and power supply, sanitary service, public transportation, etc. More than ever before, careful town planning is urgently required. Government planning concerns itself only with earmarking of lands in different areas for various uses but nothing has at present been done to coordinate all relative problems into a master plan for any district. The urgency of this work could be appreciated from the mass of building projects, mostly structures of over 10 storeys.

In the central district, many tall office blocks are being constructed: Man Yee Building on Pottinger Street is nearing completion; Fung House is ready; Commercial House is already fully occupied by a restaurant and various commercial concerns; Yu Tou Sang Building, Jardine House, Chartered Bank Building, Centre House etc. are to be completed within the next 12 months. In addition to these and many other proposed office buildings in the central district of HK Island, a large number of multi-storey residential blocks are being constructed all over the Colony.

Kum Hing Land Investment Company is building four 12-storey blocks (Towning, Waldorf, Hyde Park and Causeway Bay Mansions) in Causeway Bay area. The company is selling these buildings by flats in advance at prices varying from \$20,000 to \$80,000 each. Tai Cheong has 6 apartment houses under construction: Gordon Building in Causeway Bay at the corner of Gordon Road and Hing Fat Road, has 16 storeys; prices per flat from \$20,000 upward; Coronet Building at the corner of King's Road and North Point Road has 15 storeys; Madison Apartment in Happy Valley between Tin Kwong Road and Lok Shan Road has 10 storeys, \$12,000 to \$20,000 each flat; Race View Apartment, corner of Blue Pool Road and Sing Woo Road, 12 storeys; Hart Apartment, corner of Hart Avenue and Moody Road, 5 storeys, \$20,000 each; and Matauwei Apartments. Tai Cheong also offers to sell its new 18-storey office block on Connaught Road Central (next to GPO Building) by floors in advance. Kiu Fung has 2 large projects on hand: Ocean View Court on Chatham Road (corner of Mody Road) will be completed before year end, 15-storeyed, \$24,000 and upward per flat; Wah Kiu Mansion on Taipo Road, \$20,000 and upward, 12-storeyed. Chong Kee has a number of small buildings ready for occupation on Burma Road (\$20,000 and up), Boundary Street (\$30,000 up), Wood Road (\$20,000 up), and four larger projects: Jordan Building on the site of former Gas Company plant, 9 storeys, \$10,000 up; Shaukiwan Building on Factory Street, 9 storeys, \$10,000 up; Kiu Fong Building on Ashley Road in Tsimshatsui, 8 storeys, \$20,000 up; Shaukiwan Post Office Building, 10 storeys, \$20,000 up. Ping An Mansion on Bonham Road is now under construction by Wing Hing Company, 9 storeys, \$26,000 and up. Hung Sing offers: Buckingham House at 317/321 Nathan Road opposite Majestic Theatre, 14 storeys, \$40,000 and up; Fairview House in West Point near the Whitty Street Tram Terminus, 8 storeys, about \$15,000 per flat. Victory House on Victory Road in Homantin is offered by Yok Lai at \$20,000 and upward per flat, 10 storeys. Tai Sang Bank is building four blocks of 11-storey residential flats on Robinson Road. Sing On is selling its 9-storey project off King's Road on Ngan Mok Street near Victoria Park in advance; piling is underway. Tai Hing is building a 7-storey block on Matauwei Road; advance booking at about \$15,000 per flat. Tai Yip is constructing several 6-storey blocks on Babington Path; \$20,000 per flat. Tai Loong has a large number of 6- to 8-storey tenement blocks at Bowen Road, Castle Peak Road, Shun Ning Road, Taipo Road, Chatham Road and Bailey Street; prices per flat, about \$15,000. Cheong Hing is offering for sale or to let, residential flats at 583 Nathan Road, 11 and 29 Mody Road, 85 and 87 Tung Chau Street, and houses in Braga Circuit, North Point and Happy Valley. Sum Yi offers residential flats at 390/410 Castle Peak Road at \$20,000 upward per flat. Hung Hing offers flats in following districts: Mong Kok, Castle Peak Road, Causeway Bay, Shamshuipo and in West Point. Lip Sum is selling its estate on Pak Tai Street at \$21,000 and up per flat. Lai Sing offers flats at about \$15,000 each in Hung Hom, Lai-chikok, Shamshuipo districts in Kowloon and midlevel on HK island. One real estate firm is building a heavy multi-storey block on Tak Sing Street off Nathan Road opposite

Shamrock Hotel. Another company offers over 100 flats in different areas at prices from \$12,000 to \$80,000 per flat. These and many other private development plans illustrate the astounding building boom which is providing strong demand for construction materials and fixtures such as round bars, cement, lifts as well as jobs for thousands.

About 5,000 flats are now under construction. Figuring each flat at an average price of \$20,000 each, it will require \$100 million from prospective buyers to unload these flats from the hands of real estate promoters who usually build with borrowed money. Competition is growing. Advertisements of "Flats for Sale" occupy many pages of local Chinese daily papers and they also appear on bill boards and other outdoor media which used to be dominated by watches, domestic appliances and other consumer goods—a unique development in advertising history of the Far East. To attract small investors, instalment payments can be arranged; terms offered by most companies are: (1) 20% deposit on signing the contract, 26% when construction work starts, 20% when work nears completion, 20% on moving into the flat and 20% within the next 12 months; (2) 50% on purchase of the flat and 50% within a year; (3) one third before occupation of the flat and balance by instalments stretched over 24 months plus an interest of 1% per month on outstanding balance.

In spite of these facilities, the marketing of new flats is becoming increasingly difficult and less profitable. Small investors who bought flats to let them out find that they can only attract tenants after they have reduced monthly rental to a level which will take at least 5 years to get their investment back. There are already over 1,500 vacant flats in HK and Kowloon. Within a year, many thousands of new flats will be completed; cheapest rental will be about \$300 per month for a two-room flat which however is still too expensive for an average wage-earner. Rental will therefore further decline—a good sign especially as it does not force landlords into bankruptcy.

The boom is likely to last for another year or two but it seems that the peak has been reached. A number of speculators now get out of the building rush. Their "killings" have been very handsome; many started with almost nothing but are now millionaires. The consequences of their operation will eventually show; in years to come, walls of numerous tall but inferior structures will crack, roofs will leak, teak boards on floors will come off, etc. The so called 'mansions' will become unattractive and gradually many will degrade into multi-storey slums.

LOW FACTORY WAGES

It is probable that factory workers in Hongkong are among the lowest paid in the world. Industrial progress and prosperity depended in the past on the severe exploitation of labour. Unemployment is rampant and new workers are easily recruited. Most workers are unskilled but skilled ones are faring only a little better than the untrained men and women who have been pouring in from China. Daily wages are so small that it is a wonder how the majority of factory workers can exist. As there is still labour supply from China, present low levels of wages cannot be expected to improve.

Average earnings of male workers in factories are from HK\$ 80 to 300 per month (one HK\$ equals 1s. 3d. or US\$ 0.17½). Working hours are usually 12, only in more 'modern' factories 8. Every weekday and Sunday the workers spend their time in the factories. Night shifts work usually 12 hours. In weaving mills, men who work 12 hours from 7 p.m. to 7 a.m. are earning between HK\$ 3 to 4 per day, or rather night. The majority of factory workers earn less than \$200 per month (12 hours per day,

7 days a week). Female workers are worse off; usually \$60 to 80 per month (working only daytime, night shifts for women are not permitted). Apprentices earn from \$8 to 30 per month. Large textile mills and some of the leading industries here provide food at low cost and free lodging but in almost all factories and workshops the workers get nothing but the very low pay as indicated above. Women are doing often embroidery, sewing, shirt and garment making at home or in small working places; they earn \$0.50 to 1.50 per one full day. Against these extremely, even shockingly low wages in factories, house servants are better off; in Chinese families they earn \$60 to 100 per month, with food and bedspace provided, and \$100 to 200 per month in European families, usually without food but with lodging.

Factory workers live under abject conditions; there is no money left for recreation—and also no time—and food is lacking in nutrition. What the family life of such people could be, must be left to the imagination. Social Welfare Officers of HK Government can recite innumerable stories of misery. It is surprising that there is so little crime and so little social unrest. More surprising is that Chinese workers from the "workers' paradise" which People's China is supposed to be do come here and accept working and living under these appalling conditions.

Local manufacturers state that wages could not be raised because exports would then be depressed and the profit margin reduced; also, they claim productivity of local labour is low. It is much cheaper to employ workers than to instal machinery. Foreign observers (including manufacturers) who have visited many local factories expressed surprise about the very low level of wages paid here, and found in it the reason for the success of local exports in many overseas markets.

SHAMSHUIPO AND CONGESTION

The district of Shamshui, covering an area equal in size with the police division of Shamshui, is the most heavily populated, or congested, one in all Hongkong; with at least 750,000 people being estimated to dwell there. The district is separated in the south from Mongkok by Boundary Street (which incidentally is the northern border of the British Colony of Hongkong, anything to the north of that street being Chinese territory leased for 99 years, and which lease is due to expire in 41 years, to the British Government); in the east by the railway track; in the north by the Kowloon hill range; and in the west by the rural New Territories at Laichikok Bay. The three largest resettlement estates are located in that district, viz. Tai Hang Tung, Shek Kip Mei and Li Cheng Uk, and a new tremendous 'estate' at So Uk is about to be constructed. (In this Review of March 21, page 373, some information was given on resettlement estates in Hunghom). In the aforementioned three so-called resettlement estates over 150,000 people are living, and in So Uk there will probably be living another 70,000. Many small cottage type housing areas are found in Shamshui, some even up in the hills almost removed from city life.

All over the district are found factories; the heaviest concentration of factories and workshops in the Colony is in Shamshui, and the farther west one goes, especially in and after the Cheungshawan subdistrict, the more imposing grow factory buildings. Many small villages which only a few years ago appeared undisturbed at the outskirts of Shamshui and right in the foothills of the Kowloon mountains, have been invaded by the squatters of more correctly called immigrants from China, and have been converted into ugly urban settlements. The word 'uk' (meaning house) or 'tsuen' (village) is usually retained testifying to the erstwhile situation of the now overcrowded and usually squalid urban habitations.

There are only few bright spots in Shamshuipo and recreational facilities are practically non-existent. In Lai-chikok, where is located the only amusement park in the Colony of very modest extent and content, is a beach which caters for the teeming masses during the warm season and there are some bald hills where one may picnic. The only exception so far as more pleasant living is concerned is found in a recently constructed so-called garden suburb, called Yau Tat Chuen. This garden estate consists of many one and two family villas and bungalows, many of which have been built well and some even elaborately. Formerly a desolate hillside was there but the site has been prepared with great skill and a garden estate (without much of a garden) has been created. A private housing society undertook this work and many local manufacturers have subsequently built their residences in Yau Tat Chuen. There is more scope for expansion of this estate which is only separated by the railway track from the largest garden estate in the Colony, constructed before the last war, called Kowloon (or Kaulung) Tong.

In the foothills to the north of Tai Hang Tung there are many small valleys where intensive agriculture is carried on. The soil there, as elsewhere in the Kowloon peninsula, is extremely poor and it is a wonder that anything grows there at all. The immigration wave from China, also often referred to as a stream of refugees, has not stopped before these tiny valleys and the villagers find themselves ever more inundated by squatters. The birth rate is high as could be expected from people who have not been informed of contraceptions and 'family planning'. Meanwhile more

immigrants arrive and among other places populate the steep hillsides and make their homes on cliffs and in ravines.

One is often led to believe that these persistent immigrants are sort of political refugees from China but actually they are just motivated, as those who came here before, by the desire to make good outside China where overpopulation has been a pressing worry and where every year, it seems, some 8 to 10 million people are added to the already formidable total of perhaps 550 million. The death and infantile mortality rate, as everywhere, is on the decline while the fury of progeny rages and makes the life of the present generation a really serious problem; what the next generation is going to do, with themselves and with their offspring, is their own affair. Chinese immigration into Hongkong cannot be effectively stopped and the growing squatter and 'emergency housed' population testifies to it. Conditions in China, under any regime, are not what the common people like them to be, and so they try their best to get out. The overseas Chinese communities in Southeast Asia, though intensely disliked by their host nations, are still increasing. Even if the communists had not risen to power in China, and the old Kuomintang had remained, the urge to emigrate would have persisted in China, and Hongkong would have been packed, in the course of time, 'right up to the rafters'. What it means to pack up a city can be vividly seen in Shamshuipo but also in other Kowloon districts such as the wide area generally referred to as Kowloon City, viz. north of Ma Tau Wei and Prince Edward Road.

HONGKONG'S TRADING PARTNERS IN 1956

PART V

BELGIUM

	Imports H.K.\$	Exports H.K.\$		Imports H.K.\$	Exports H.K.\$
Dairy products, eggs and honey	5,968	—	Fertilizers, manufactured	16,826,183	—
Fish and fish preparations	—	206,538	Explosives and miscellaneous chemical materials and pro- ducts	434,064	29,040
Cereals and cereal preparations	193,348	—	Leather, leather manufactures, n.e.s., & dressed furs	151,294	—
Fruits and vegetables	44,627	7,873	Wood and cork manufactures (ex- cluding furniture)	714,932	8,301
Sugar and sugar preparations	686,053	—	Paper, paperboard and manufac- tures	398,959	358
Coffee, tea, cocoa, spices and manufactures	40,195	61,795	Textile yarn, fabrics, made-up articles and related products	4,419,390	1,327,536
Miscellaneous food preparations	2,744	1,011	Non-metallic mineral manufac- tures, n.e.s.	1,135,605	145,656
Tobacco and tobacco manufactures ..	15,258	2,544	Silver, platinum, gems and jewel- lery	33,405,523	5,183,755
Hides, skins and fur skins, un- dressed	3,200	49,041	Base metals	41,939,178	—
Textile fibres and waste	1,255,642	251,073	Manufactures of metals	3,201,591	87,606
Crude fertilizers and crude minerals, excluding coal, petro- leum and precious stones	33,397	—	Machinery other than electric	522,414	—
Metalliferous ores and metal scrap ..	190,834	91,024	Electric machinery, apparatus and appliances	138,440	212,861
Animal & vegetable crude mate- rials, inedible	740,880	731,648	Transport equipment	3,308	—
Mineral fuels, lubricants and related materials	58,931	—	Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	3,045	457,133
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	135,708	Furniture and fixtures	—	36,416
Chemical elements and compounds ..	427,897	27,653	Travel goods, handbags and similar articles	8,601	21,199
Dyeing, tanning and colouring materials	240,921	9,685	Clothing	26,783	571,054
Medicinal and pharmaceutical pro- ducts	337,026	18,240	Footwear	—	1,259,168
Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	74,813	240,386	Scientific instruments; photo- graphic & optical goods; watches & clocks	1,514,413	3,000

	Imports H.K.\$	Exports H.K.\$
Miscellaneous manufactured articles	102,283	276,572
Live animals, not for food	939	147,284
TOTAL	109,298,679	11,601,158

DENMARK

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	695,871	—
Dairy products, eggs and honey	407,948	—
Fish and fish preparations	16,381	1,958
Cereals and cereal preparations	—	253
Fruits and vegetables	1,033	32,244
Sugar and sugar preparations	3,260	—
Coffee, tea, cocoa, spices and manufatures	21,008	3,300
Miscellaneous food preparations	3,050	4,464
Beverages	1,656,277	—
Oil-seeds, oil nuts and oil kernels ..	—	111,535
Wood, lumber and cork	—	39,005
Pulp and waste paper	88,360	—
Textile fibres and waste	—	43,700
Crude fertilizers and crude minerals, excluding coal, petro- leum and precious stones	20,240	—
Metalliferous ores and metal scrap ..	—	23,400
Animal & vegetable crude mate- rials, inedible	—	1,305,923
Chemical elements and compounds ..	8,184	1,800
Dyeing, tanning and colouring materials	740,083	—
Medicinal and pharmaceutical pro- ducts	652,551	—
Explosives and miscellaneous chemical materials and pro- ducts	103,109	175,264
Leather, leather manufactures, n.e.s., & dressed furs	13,250	—
Rubber manufactures, n.e.s.	11,200	—
Wood and cork manufactures (ex- cluding furniture)	—	359
Paper, paperboard and manufac- tures	8,019	3,500
Textile yarn, fabrics, made-up articles and related products	6,722	265,660
Non-metallic mineral manufac- tures, n.e.s.	126,624	6,925
Silver, platinum, gems and jewel- lery	12,416	16,968
Base metals	110,613	103,600
Manufactures of metals	9,674	30,586
Machinery other than electric	709,563	—
Electric machinery, apparatus and appliances	343,095	10,938
Transport equipment	21,378	14,000
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	3,636	146,240
Furniture and fixtures	115	71,792
Travel goods, handbags and similar articles	—	45,324
Clothing	4,049	2,473,513
Footwear	—	21,174
Scientific instruments; photo- graphic & optical goods; watches & clocks	—	1,483
Miscellaneous manufactured arti- cles	57,937	100,742
Live animals, not for food	—	440
TOTAL	5,855,646	5,056,090

FINLAND

	Imports H.K.\$	Exports H.K.\$
Miscellaneous food preparations	—	3,233
Textile fibres and waste	—	29,280
Animal & vegetable crude mate- rials, inedible	—	692,315
Wood and cork manufactures (ex- cluding furniture)	22,587	—
Paper, paperboard and manufac- tures	2,789,300	—
Manufactures of metals	2,060	—
Electric machinery, apparatus and appliances	—	10,750
Furniture and fixtures	—	420
Miscellaneous manufactured arti- cles	1,427	—
TOTAL	2,815,374	735,998

FRANCE

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	58,631	400,557
Dairy products, eggs and honey	26,178	—
Fish and fish preparations	28,136	1,080
Cereals and cereal preparations	191,291	200
Fruits and vegetables	701,756	76,007
Sugar and sugar preparations	722,517	—
Coffee, tea, cocoa, spices and manufatures	121,089	282,374
Miscellaneous food preparations	46,271	14,904
Beverages	5,144,019	—
Tobacco and tobacco manufactures ..	2,989	—
Hides, skins and fur skins, un- dressed	—	236,168
Oil-seeds, oil nuts and oil kernels ..	—	100
Wood, lumber and cork	—	3,259
Textile fibres and waste	706,836	2,578,504
Metalliferous ores and metal scrap ..	—	63,400
Animal & vegetable crude mate- rials, inedible	3,006	2,046,903
Mineral fuels, lubricants and related materials	3,760	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	204,380	—
Chemical elements and compounds ..	482,102	140,124
Dyeing, tanning and colouring materials	458,099	—
Medicinal and pharmaceutical pro- ducts	3,106,129	43,994
Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	1,894,855	7,887,093
Fertilizers, manufactured	233	—
Explosives and miscellaneous chemical materials and pro- ducts	158,183	109,532
Leather, leather manufactures, n.e.s., & dressed furs	1,471,761	144
Rubber manufactures, n.e.s.	360,031	—
Wood and cork manufactures (ex- cluding furniture)	576	28,377
Paper, paperboard and manufac- tures	927,597	—
Textile yarn, fabrics, made-up articles and related products	5,787,154	114,232
Non-metallic mineral manufac- tures, n.e.s.	386,863	161,463
Silver, platinum, gems and jewel- lery	81,155	120,087
Base metals	2,688,818	—
Manufactures of metals	172,066	515,402
Machinery other than electric	323,268	—

	Imports H.K.\$	Exports H.K.\$
Electric machinery, apparatus and appliances	53,591	1,625
Transport equipment	596,065	39,600
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	4,691	7,680
Furniture and fixtures	419	85,932
Travel goods, handbags and similar articles	7,248	205,054
Clothing	277,711	398,279
Footwear	—	252,644
Scientific instruments; photographic & optical goods; watches & clocks	450,852	14,530
Miscellaneous manufactured articles	314,803	5,323,498
Live animals, not for food	—	17,329
TOTAL	27,915,129	21,170,075

GERMANY (Western)

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	46,473	149,376
Dairy products, eggs and honey	4,383	992,185
Fish and fish preparations	32,194	62,559
Cereals and cereal preparations	865,656	8,559
Fruits and vegetables	204,464	920,254
Sugar and sugar preparations	52,286	—
Coffee, tea, cocoa, spices and manufactures	17,985	182,922
Miscellaneous food preparations	32,839	11,785
Beverages	1,444,055	554
Tobacco and tobacco manufactures	1,650	1,312
Hides, skins and fur skins, undressed	1,110	1,593,156
Oil-seeds, oil nuts and oil kernels	84,820	312,584
Crude rubber, including synthetic and reclaimed	1,120	—
Wood, lumber and cork	8,314	1,382
Textile fibres and waste	3,118,955	286,695
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	191,451	—
Metalliferous ores and metal scrap	201,214	712,653
Animal & vegetable crude materials, inedible	160,448	12,674,819
Mineral fuels, lubricants and related materials	92,617	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	61,201	4,702,178
Chemical elements and compounds	7,134,774	225,605
Dyeing, tanning and colouring materials	5,949,165	220
Medicinal and pharmaceutical products	1,889,767	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	366,461	666,598
Fertilizers, manufactured	10,864,521	—
Explosives and miscellaneous chemical materials and products	4,460,148	169,474
Leather, leather manufactures, n.e.s., & dressed furs	1,944,941	—
Rubber manufactures, n.e.s.	666,044	—
Wood and cork manufactures (excluding furniture)	156,738	16,065
Paper, paperboard and manufactures	2,129,226	9,699
Textile yarn, fabrics, made-up articles and related products	9,056,904	3,234,586
Non-metallic mineral manufactures, n.e.s.	1,354,145	93,778

	Imports H.K.\$	Exports H.K.\$
Silver, platinum, gems and jewellery	1,217,704	726,599
Base metals	6,953,534	—
Manufactures of metals	5,144,273	707,363
Machinery other than electric	8,552,444	—
Electric machinery, apparatus and appliances	7,799,552	1,210
Transport equipment	6,657,446	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	1,868,282	79,686
Furniture and fixtures	117,030	186,663
Travel goods, handbags and similar articles	337,468	51,843
Clothing	737,266	5,448,790
Footwear	6,237	1,190,442
Scientific instruments; photographic & optical goods; watches & clocks	16,343,944	18,430
Miscellaneous manufactured articles	10,639,787	1,154,651
Live animals, not for food	11,500	11,084
TOTAL	118,982,636	36,605,759

ITALY

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	35,061	—
Dairy products, eggs and honey	76,740	120
Fish and fish preparations	253	90
Cereals and cereal preparations	10,300	80
Fruits and vegetables	120,146	37,340
Sugar and sugar preparations	14,175	—
Coffee, tea, cocoa, spices and manufactures	10,732	76,499
Miscellaneous food preparations	6,304	3,720
Beverages	189,382	—
Hides, skins and fur skins, undressed	—	800,123
Wood, lumber and cork	—	15,911
Textile fibres and waste	1,069,335	3,413,706
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	80,111	—
Metalliferous ores and metal scrap	—	27,700
Animal & vegetable crude materials, inedible	320	1,009,507
Mineral fuels, lubricants and related materials	31,699	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	2,680	723,760
Chemical elements and compounds	458,503	291,899
Dyeing, tanning and colouring materials	1,124,897	5,980
Medicinal and pharmaceutical products	2,230,688	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	56,032	91,520
Fertilizers, manufactured	191,702	—
Explosives and miscellaneous chemical materials and products	1,778,836	—
Leather, leather manufactures, n.e.s., & dressed furs	15,888	—
Rubber manufactures, n.e.s.	39,126	14,230
Wood and cork manufactures (excluding furniture)	196,068	16,173
Paper, paperboard and manufactures	2,811,099	4,298
Textile yarn, fabrics, made-up articles and related products	21,092,549	303,371
Non-metallic mineral manufactures, n.e.s.	566,022	574,544

	Imports H.K.\$	Exports H.K.\$		Imports H.K.\$	Exports H.K.\$
Silver, platinum, gems and jewelry	119,139	183,217	Textile yarn, fabrics, made-up articles and related products	3,582,897	1,933,168
Base metals	3,207,205	—	Non-metallic mineral manufactures, n.e.s.	381,005	216,568
Manufactures of metals	93,814	51,437	Silver, platinum, gems and jewelry	1,411,815	724,496
Machinery other than electric	636,910	—	Base metals	5,189,768	243,604
Electric machinery, apparatus and appliances	302,209	11,146	Manufactures of metals	462,758	79,890
Transport equipment	1,869,240	83,722	Machinery other than electric	849,033	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	188,891	314,265	Electric machinery, apparatus and appliances	3,692,084	490,894
Furniture and fixtures	922	114,109	Transport equipment	131,972	19,600
Travel goods, handbags and similar articles	17,871	9,268	Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	46,817	632,637
Clothing	1,057,737	179,643	Furniture and fixtures	34,434	37,624
Footwear	—	62,342	Travel goods, handbags and similar articles	64,416	77,164
Scientific instruments; photographic & optical goods; watches & clocks	332,116	8,777	Clothing	32,058	1,721,525
Miscellaneous manufactured articles	494,951	649,325	Footwear	—	1,938,707
Live animals, not for food	—	4,300	Scientific instruments; photographic & optical goods; watches & clocks	316,802	6,541
TOTAL	40,479,653	9,082,122	Miscellaneous manufactured articles	843,943	910,169
			Live animals, not for food	9,474	159,121

NETHERLANDS

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	2,585,526	838,785
Dairy products, eggs and honey	20,753,223	—
Fish and fish preparations	1,280	117,525
Cereals and cereal preparations	2,113,029	10,600
Fruits and vegetables	1,455,718	1,707,572
Sugar and sugar preparations	423,273	—
Coffee, tea, cocoa, spices and manufactures	1,001,215	531,582
Miscellaneous food preparations	3,711,845	35,436
Beverages	3,002,722	79
Tobacco and tobacco manufactures	293,471	—
Hides, skins and fur skins, undressed	9,000	217,620
Oil-seeds, oil nuts and oil kernels	108,470	1,007,842
Wood, lumber and cork	—	4,775
Pulp and waste paper	—	1,688
Textile fibres and waste	1,657,617	—
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	122,539	—
Metalliferous ores and metal scrap	295,699	778,220
Animal & vegetable crude materials, inedible	494,589	5,728,023
Mineral fuels, lubricants and related materials	2,585,178	—
Animal and vegetable oils (not essential oils), fats, greases and derivatives	219,560	2,039,252
Chemical elements and compounds	2,084,555	303,270
Dyeing, tanning and colouring materials	3,102,331	4,610
Medicinal and pharmaceutical products	779,801	107,093
Essential oils and perfume materials; toilet, polishing and cleansing preparations	1,232,372	1,157,356
Fertilizers, manufactured	8,528,424	—
Explosives and miscellaneous chemical materials and products	1,214,148	1,195
Leather, leather manufactures, n.e.s., & dressed furs	406,655	—
Rubber manufactures, n.e.s.	57,711	—
Wood and cork manufactures (excluding furniture)	124,501	23,849
Paper, paperboard and manufactures	2,452,787	19,018

TOTAL

77,866,515 23,809,098

NORWAY

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	3,955	—
Dairy products, eggs and honey	12,673	—
Fish and fish preparations	49,084	—
Fruits and vegetables	—	15,195
Coffee, tea, cocoa, spices and manufactures	—	3,081
Miscellaneous food preparations	19,788	—
Beverages	16,569	—
Tobacco and tobacco manufactures	1,992	—
Hides, skins and fur skins, undressed	13,170	20,501
Oil-seeds, oil nuts and oil kernels	—	26,353
Wood, lumber and cork	—	1,741
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	18,213	—
Animal & vegetable crude materials, inedible	—	4,054,188
Animal and vegetable oils (not essential oils), fats, greases and derivatives	52,952	—
Chemical elements and compounds	362,870	2,660
Dyeing, tanning and colouring materials	71,322	—
Medicinal and pharmaceutical products	12,721	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations	1,512	4,110
Explosives and miscellaneous chemical materials and products	26,912	—
Leather, leather manufactures, n.e.s., & dressed furs	20,725	—
Rubber manufactures, n.e.s.	10,364	—
Wood and cork manufactures (excluding furniture)	61,385	240
Paper, paperboard and manufactures	3,818,523	—
Textile yarn, fabrics, made-up articles and related products	—	771,734
Non-metallic mineral manufactures, n.e.s.	8,825	1,660

	Imports H.K.\$	Exports H.K.\$		Imports H.K.\$	Exports H.K.\$
Silver, platinum, gems and jewel- lery	—	328	Travel goods, handbags and similar articles	—	92,222
Manufactures of metals	1,048	—	Clothing	—	2,621,342
Machinery other than electric	1,932	—	Footwear	—	125,413
Electric machinery, apparatus and appliances	2,801	—	Scientific instruments; photo- graphic & optical goods; watches & clocks	54,602	3,656
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	53,699	268,841	Miscellaneous manufactured arti- cles	150,353	453,222
Furniture and fixtures	—	41,475			
Travel goods, handbags and similar articles	—	23,006	TOTAL	18,831,503	6,045,599
Clothing	3,403	735,980			
Footwear	—	2,235			
Miscellaneous manufactured arti- cles	48,441	25,834			
TOTAL	4,694,879	5,999,162			
SWEDEN			SWITZERLAND		
	Imports H.K.\$	Exports H.K.\$		Imports H.K.\$	Exports H.K.\$
Dairy products, eggs and honey	277,900	145	Meat and meat preparations	11,660	—
Fish and fish preparations	—	3,041	Dairy products, eggs and honey	51,525	—
Cereals and cereal preparations	7,686	539	Fish and fish preparations	—	96
Fruits and vegetables	—	23,120	Cereals and cereal preparations	—	1,010
Sugar and sugar preparations	3,666	—	Fruits and vegetables	67,600	27,500
Coffee, tea, cocoa, spices and manufactures	—	15,311	Sugar and sugar preparations	141,198	—
Miscellaneous food preparations	3,110	13,357	Coffee, tea, cocoa, spices and manufactures	141,065	—
Beverages	150	—	Miscellaneous food preparations	112,524	3,766
Hides, skins and fur skins, un- dressed	—	12,266	Beverages	7,753	244
Textile fibres and waste	178,051	387,860	Hides, skins and fur skins, un- dressed	—	453,880
Metalliferous ores and metal scrap ..	—	40,679	Textile fibres and waste	—	166,973
Animal & vegetable crude mate- rials, inedible	—	501,046	Animal & vegetable crude mate- rials, inedible	—	42,962
Animal and vegetable oils (not essential oils), fats, greases and derivatives	—	71	Chemical elements and compounds ..	807,296	41,174
Chemical elements and compounds ..	77,229	—	Dyeing, tanning and colouring materials	3,523,320	—
Dyeing, tanning and colouring materials	12,461	—	Medicinal and pharmaceutical pro- ducts	1,488,287	9,150
Medicinal and pharmaceutical pro- ducts	100,954	9,150	Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	161,112	42,500
Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	—	313	Explosives and miscellaneous chemical materials and pro- ducts	106,983	490
Explosives and miscellaneous chemical materials and pro- ducts	82,608	15,001	Rubber manufactures, n.e.s.	—	480
Leather, leather manufactures, n.e.s., & dressed furs	445,462	—	Wood and cork manufactures (ex- cluding furniture)	150	3,413
Rubber manufactures, n.e.s.	47,375	—	Paper, paperboard and manufac- tures	111,816	—
Wood and cork manufactures (ex- cluding furniture)	1,739,085	12,099	Textile yarn, fabrics, made-up articles and related products	4,132,656	1,670,455
Paper, paperboard and manufac- tures	11,183,490	10,821	Non-metallic mineral manufac- tures, n.e.s.	2,041	45,468
Textile yarn, fabrics, made-up articles and related products	11,937	8,802	Silver, platinum, gems and jewel- lery	911,025	157,077
Non-metallic mineral manufac- tures, n.e.s.	231,200	97,769	Base metals	5,983	—
Silver, platinum, gems and jewel- lery	1,159	65,996	Manufactures of metals	161,311	2,075
Base metals	1,338,004	—	Machinery other than electric	1,324,790	945
Manufactures of metals	928,805	11,014	Electric machinery, apparatus and appliances	2,325,315	13,799
Machinery other than electric	1,067,236	—	Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	7,906
Electric machinery, apparatus and appliances	792,316	141,070	Furniture and fixtures	—	12,179
Transport equipment	29,444	—	Travel goods, handbags and similar articles	7,935	5,277
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	63,556	712,650	Clothing	526,362	580,310
Furniture and fixtures	3,664	87,624	Footwear	—	111,706
			Scientific instruments; photo- graphic & optical goods; watches & clocks	115,306,637	14,680
			Miscellaneous manufactured arti- cles	214,422	161,754
			TOTAL MERCHANDISE	131,650,766	3,577,269
			Gold and Silver	5,446,195	—
			GRAND TOTAL	137,096,961	3,577,269

TURKEY

	Imports H.K.\$	Exports H.K.\$
Fish and fish preparations	—	2,828
Tobacco and tobacco manufactures	8,408	105
Textile fibres and waste	3,068,463	—
Textile yarn, fabrics, made-up articles and related products	—	2,260
Manufactures of metals	—	28,000
Machinery other than electric	—	14,720
Furniture and fixtures	—	12,230
Travel goods, handbags and similar articles	—	3,918
Clothing	—	1,920
Scientific instruments; photo- graphic & optical goods; watches & clocks	—	525
Miscellaneous manufactured arti- cles	—	17,002
TOTAL	3,076,871	83,508

U. S. S. R.

	Imports H.K.\$	Exports H.K.\$
Tobacco and tobacco manufactures	7,954	—
Animal & vegetable crude mate- rials, inedible	2,767,344	—
Chemical elements and compounds	64,918	—
TOTAL	2,840,216	—

EASTERN EUROPE

	Imports H.K.\$	Exports H.K.\$
Fruits and vegetables	72,862	—
Coffee, tea, cocoa, spices and manufactures	29,393	—
Beverages	1,626	—
Chemical elements and compounds	628,693	—
Dyeing, tanning and colouring materials	26,532	—
Medicinal and pharmaceutical pro- ducts	13,600	—
Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	57,000	—
Fertilizers, manufactured	93,463	—
Explosives and miscellaneous chemical materials and pro- ducts	68,839	—
Leather, leather manufactures, n.e.s., & dressed furs	103,193	—
Rubber manufactures, n.e.s.	67,256	—
Wood and cork manufactures (ex- cluding furniture)	29,179	—
Paper, paperboard and manufac- tures	1,996,932	—
Textile yarn, fabrics, made-up articles and related products	4,193,617	—
Non-metallic mineral manufac- tures, n.e.s.	2,758,201	—
Silver, platinum, gems and jewel- lery	1,280	—
Base metals	1,936,835	—
Manufactures of metals	77,064	—
Machinery other than electric	258,044	—
Electric machinery, apparatus and appliances	32,228	—
Transport equipment	6,967	—
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	40,157	—
Furniture and fixtures	25,986	—
Clothing	117,228	—

	Imports H.K.\$	Exports H.K.\$
Footwear	3,848	—
Scientific instruments; photo- graphic & optical goods; watches & clocks	266,875	—
Miscellaneous manufactured arti- cles	64,468	—
TOTAL	12,971,366	—

EUROPEAN COUNTRIES, OTHER

	Imports H.K.\$	Exports H.K.\$
Meat and meat preparations	—	20,080
Fish and fish preparations	52,720	340
Fruits and vegetables	48,500	62,803
Coffee, tea, cocoa, spices and manufactures	1,531,373	85,209
Miscellaneous food preparations	—	8,917
Beverages	340,078	—
Hides, skins and fur skins, un- dressed	6,000	82,316
Wood, lumber and cork	1,529,192	12,386
Textile fibres and waste	—	5,200
Animal & vegetable crude mate- rials, inedible	—	447,744
Animal and vegetable oils (not essential oils), fats, greases and derivatives	12,448	—
Chemical elements and compounds	14,512	61,720
Medicinal and pharmaceutical pro- ducts	127,123	4,320
Essential oils and perfume mate- rials; toilet, polishing and cleansing preparations	6,400	—
Explosives and miscellaneous chemical materials and pro- ducts	19,989	—
Leather, leather manufactures, n.e.s., & dressed furs	391	575
Rubber manufactures, n.e.s.	—	2,600
Wood and cork manufactures (ex- cluding furniture)	927,119	1,002
Paper, paperboard and manufac- tures	—	5,015
Textile yarn, fabrics, made-up articles and related products	21,282	125,762
Non-metallic mineral manufac- tures, n.e.s.	11,466	67,513
Silver, platinum, gems and jewel- lery	—	157,551
Manufactures of metals	—	144,860
Machinery other than electric	89,080	18,209
Electric machinery, apparatus and appliances	—	56,285
Transport equipment	17,500	43,457
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	286,945
Furniture and fixtures	—	1,935
Travel goods, handbags and similar articles	467	6,097
Clothing	30,208	140,365
Footwear	—	16,270
Scientific instruments; photo- graphic & optical goods; watches & clocks	—	1,456
Miscellaneous manufactured arti- cles	166,989	218,735
TOTAL	4,952,837	2,085,717

(End)

PRINCIPAL MARKETS FOR HONGKONG PRODUCTS IN 1956

PART TWO

ARTICLES MADE OF PLASTICS

	HK\$
Malaya	1,951,456
Africa, West (British)	1,163,585
Middle and Near East	
Countries	907,717
African Countries, Other	670,880
British Commonwealth, Other	563,887
Thailand	555,737
West Indies, British	466,786
United Kingdom	417,889
America, South (excluding Argentina and Brazil)	355,429
Borneo, North	330,404
Africa, East (British)	278,555
America, Central	249,395
Burma	236,106
Ceylon	236,027
Africa, Central (British)	179,900
New Zealand	170,371
Indonesia	127,196
U.S.A.	92,503
Oceania, United States	89,489
Cambodia, Laos & Vietnam	73,440
China	72,792
Australia	66,599
Africa, South	62,250
Oceania, British	51,708
Asian Countries, Central	50,513
Oceania, n.e.s.	38,836
Formosa	32,077
Sweden	29,397
Macao	27,630
Netherlands	23,707
Canada	21,485
Philippines	21,217
Belgium	15,639
Pakistan	10,560
European Countries, Other	10,199
India	7,390
Argentina	4,187
Italy	2,848
Korea, South	2,350
France	2,200
Egypt	1,875
Denmark	276
Brazil	51
Germany (Western)	16
Total	9,693,554

TORCH BATTERIES

	doz.	HK\$
Malaya	1,092,117	2,106,713
Thailand	835,230	1,549,083
Cambodia, Laos & Vietnam	361,244	965,431
Indonesia	330,175	702,936
Pakistan	297,291	599,448
Middle and Near East		
Countries	243,594	535,182
African Countries, Other	228,919	479,713
Africa, West (British)	147,110	307,266
U.S.A.	93,235	184,576
America, South (excluding Argentina and Brazil)	103,852	177,334
Ceylon	77,350	152,204
America, Central	66,121	136,340
British Commonwealth, Other	51,748	107,722
Australia	39,519	96,852
New Zealand	43,664	92,909
Canada	33,305	72,499
West Indies, British	37,764	68,261
Egypt	28,058	56,492
Sweden	24,420	49,631
Africa, East (British)	22,620	46,046
Asian Countries, Central	21,806	45,240
Borneo, North	19,007	42,692
Oceania, n.e.s.	13,965	34,458
Oceania, United States	11,805	30,350
Africa, South	12,020	29,219
Macao	8,370	22,912
Burma	10,380	22,727
Oceania, British	4,780	11,842
European Countries, Other	5,500	8,847
Belgium	1,619	3,700
Africa, Central (British)	1,340	2,780
Netherlands	716	1,482

	doz.	HK\$
Formosa	500	1,400
Philippines	600	1,028
Germany (Western)	160	346
Total	4,069,724	8,744,393

HOUSEHOLD UTENSILS OF ALUMINIUM

	doz.	HK\$
Malaya	2,030,373	
Indonesia	1,515,068	
Cambodia, Laos & Vietnam	1,222,662	
Ceylon	527,897	
Africa, West (British)	503,333	
Philippines	303,809	
Borneo, North	258,309	
America, South (excluding Argentina and Brazil)	248,382	
America, Central	244,399	
Australia	240,263	
African Countries, Other	175,762	
U.S.A.	157,533	
Thailand	146,296	
Oceania, n.e.s.	134,638	
West Indies, British	118,167	
Oceania, United States	81,328	
Middle and Near East		
Countries	75,790	
Africa, East (British)	71,940	
Macao	49,388	
Oceania, British	43,528	
British Commonwealth, Other	37,538	
India	17,328	
Belgium	10,727	
Asian Countries, Central	7,184	
Formosa	6,906	
United Kingdom	5,163	
New Zealand	3,390	
Canada	2,344	
Africa, South	1,048	
Africa, Central (British)	832	
European Countries, Other	72	
Total	8,240,844	

CEMENT

	cwt.	HK\$
Borneo, North	568,463	3,764,196
Malaya	350,000	2,058,340
Korea, South	202,953	1,315,615
Cambodia, Laos & Vietnam	80,187	363,750
Australia	41,730	257,761
Formosa	15,376	101,374
Oceania, British	6,800	40,207
British Commonwealth, Other	2,550	16,840
Macao	900	5,750
China	140	1,060
Total	1,236,899	7,924,713

VACUUM FLASKS AND JUGS, COMPLETE

	doz.	HK\$
Malaya	23,346	1,550,745
Australia	48,223	1,191,763
Middle and Near East		
Countries	10,421	707,229
Indonesia	18,085	656,091
Philippines	19,558	621,524
Thailand	15,256	582,544
African Countries, Other	10,658	343,601
New Zealand	11,392	264,597
Borneo, North	4,547	245,922
British Commonwealth, Other	5,161	224,211
America, South (excluding Argentina and Brazil)	5,932	193,870
West Indies, British	3,551	168,780
Cambodia Laos & Vietnam	1,954	120,516
America, Central	2,090	100,950
Africa, West (British)	1,785	90,196

	doz.	HK\$
China	773	88,800
Africa, South	2,064	60,853
Oceania, n.e.s.	1,274	37,933
Ceylon	2,311	55,262
Macao	641	27,332
Korea, South	317	25,203
U.S.A.	395	25,031
Canada	503	19,544
Egypt	251	14,879
Burma	133	7,772
Africa, Central (British)	139	6,931
Oceania, British	131	6,711
Formosa	155	6,592
Pakistan	27	3,622
Oceania, United States	36	3,552
United Kingdom	103	3,240
Norway	93	2,953
Africa, East (British)	59	2,652
Sweden	17	1,942
Asian Countries, Central	42	1,605
European Countries, Other	10	1,183
Belgium	51	976
India	22	756
Netherlands	9	750
Total	191,535	7,487,213

OUTERWEAR, EMBROIDERED

	HK\$
United Kingdom	789,988
New Zealand	614,409
America, South (excluding Argentina and Brazil)	584,797
Malaya	578,694
British Commonwealth, Other	531,920
U.S.A.	402,535
Africa, West (British)	359,198
Middle and Near East	
Countries	346,730
Africa, East (British)	287,656
America, Central	285,730
Denmark	253,795
African Countries, Other	231,447
Africa, Central (British)	223,494
Germany (Western)	202,828
Australia	193,574
Cambodia, Laos & Vietnam	172,195
West Indies, British	156,602
Japan	153,793
Oceania, United States	107,694
Sweden	89,366
Africa, South	82,472
Netherlands	87,394
Norway	60,788
Canada	55,022
Oceania, British	51,373
Thailand	42,201
India	39,122
Oceania, n.e.s.	27,670
Philippines	22,695
European Countries, Other	20,864
Ceylon	15,625
Formosa	12,160
Borneo, North	10,888
France	6,587
Italy	5,362
Switzerland	5,576
Indonesia	3,090
Turkey	292
Asian Countries, Central	204
Egypt	109
Austria	143
Total	7,146,449

ARTICLES OF CLOTHING (e.g., handkerchiefs, shawls, etc.), EMBROIDERED, N.E.S.

	HK\$
U.S.A.	4,199,371
United Kingdom	625,244
America, Central	326,297
Germany (Western)	197,293

	HK\$
African Countries, Other	170,631
Switzerland	154,699
Italy	114,500
America, South (excluding Argentina and Brazil)	
Australia	95,328
Canada	64,498
New Zealand	48,282
British Commonwealth, Other	36,445
West Indies, British	22,608
Africa, Central (British)	20,455
Oceania, United States	19,568
Sweden	14,298
Malaya	11,756
Middle and Near East Countries	
France	7,910
Oceania, n.e.s.	7,437
Netherlands	5,926
Thailand	5,430
Oceania, British	5,019
Africa, West (British)	4,836
Denmark	4,600
Belgium	3,736
Norway	3,720
British Commonwealth, Other	3,694
Japan	3,430
Philippines	2,236
Africa, East (British)	2,062
Korea, South	1,490
European Countries, Other	806
Cambodia, Laos & Vietnam	280
Austria	99
	97
Total	6,182,865

TORCH BULBS

	doz.	HK\$
India	1,638,859	867,528
Indonesia	1,939,581	865,885
United Kingdom	893,759	607,556
Thailand	361,975	527,875
Netherlands	1,184,530	458,728
U.S.A.	466,873	303,156
Cambodia, Laos & Vietnam	397,241	280,213
Africa, West (British)	585,368	248,132
African Countries, Other	468,643	202,665
Malaya	321,992	188,150
America, South (excluding Argentina and Brazil)		
Formosa	303,889	170,774
Middle and Near East Countries	380,736	168,158
America, Central	306,519	164,455
Pakistan	189,508	116,819
Ceylon	147,685	95,415
Sweden	192,538	93,358
Philippines	107,774	77,294
Australia	159,494	68,134
West Indies, British	71,869	51,798
Korea, South	78,636	51,486
Belgium	74,688	46,175
Canada	65,122	41,424
European Countries, Other	80,935	36,079
Africa, East (British)	47,472	34,828
British Commonwealth, Other	68,715	31,176
Egypt	69,631	30,880
Oceania, United States	65,494	27,582
Switzerland	37,354	26,542
Oceania, n.e.s.	14,931	13,799
Borneo, North	17,182	13,770
Japan	29,996	12,586
Asian Countries, Central	16,866	9,000
Africa, South	16,322	8,643
Italy	6,417	6,233
Denmark	8,672	6,136
Oceania, British	6,981	4,616
New Zealand	4,832	3,860
Africa, Central (British)	2,109	2,134
Burma	2,747	2,070
Germany (Western)	4,166	1,625
	1,750	1,100
	250	110
Total	10,799,801	5,968,109

IRON ORE

	cwt.	HK\$
Japan	2,406,660	4,469,161
Formosa	68,442	225,782
Total	2,474,102	4,694,943

UNDERWEAR AND NIGHTWEAR, EMBROIDERED

	HK\$
Australia	643,115
Malaya	571,279
New Zealand	565,418
British Commonwealth, Other	227,356
African Countries, Other	157,150
Denmark	129,764
America, Central	117,041
West Indies, British	114,399
Africa, Central (British)	80,710
Cambodia, Laos & Vietnam	77,791
Middle and Near East Countries	58,582
Thailand	52,571
America, South (excluding Argentina and Brazil)	51,372
Canada	48,330
United Kingdom	42,682
Oceania, British	38,949
Africa, West (British)	31,676
Ceylon	24,692
Oceania, United States	22,758
Oceania, n.e.s.	20,116
Borneo, North	17,231
Germany (Western)	14,912
Africa, South	14,804
Macao	13,402
Africa, East (British)	10,250
Belgium	9,815
Netherlands	5,860
Norway	5,201
Sweden	4,800
India	3,833
Italy	2,236
U.S.A.	1,674
Asian Countries, Central	1,400
European Countries, Other	830
Philippines	830
Japan	360
Total	3,180,639

CIGARETTES

	lb.	HK\$
Macao	136,179	652,759
Borneo, North	42,765	197,064
Malaya	10,685	58,664
Cambodia, Laos & Vietnam	14,258	51,221
Indonesia	9,730	44,300
Oceania, n.e.s.	7,978	20,368
British Commonwealth, Other	1,380	6,400
Oceania, British	1,345	5,465
Formosa	219	2,190
Middle and Near East Countries	345	1,080
Total	225,084	1,039,517

MATCHES

	case	HK\$
Indonesia	1,887	296,993
Malaya	1,550	232,454
Africa, East (British)	702	117,163
New Zealand	274	47,105
Australia	176	28,732
United Kingdom	200	27,000
African Countries, Other	148	25,286
U.S.A.	159	21,252
Borneo, North	68	11,394
Oceania, United States	85	10,960
Middle and Near East Countries	78	10,778
Africa, West (British)	49	8,439
West Indies, British	47	7,628
Oceania, British	40	7,068
British Commonwealth, Other	13	2,543
America, Central	10	1,698
Oceania, n.e.s.	3	495
Total	5,487	856,966

TUNGSTEN ORE (wolframite) AND CONCENTRATES

	cwt.	HK\$
United Kingdom	141	85,784
Sweden	60	40,679
Japan	20	7,000
Total	221	133,463

SEAGRASS

	cwt.	HK\$
Malaya	1,479	58,296
Italy	225	11,836
Borneo, North	213	8,899
Australia	31	1,643
Africa, South	35	1,567
New Zealand	24	1,334
Middle and Near East Countries	15	710
Africa, Central (British)	13	634
Germany (Western)	7	350
America, Central	5	199
Thailand	4	177
Austria	3	168
Canada	1	33
Total	2,055	85,866

WOOLLEN GLOVES

	doz. pairs	HK\$
United Kingdom	732,030	12,220,119
U.S.A.	299,388	5,340,067
Canada	78,093	1,370,451
Australia	60,325	1,091,948
Netherlands	30,327	553,258
Germany (Western)	26,618	549,031
Norway	20,935	404,493
New Zealand	14,737	284,333
Sweden	15,886	279,526
Denmark	10,959	196,712
France	5,141	95,323
Belgium	3,016	55,572
Africa, South	2,431	43,736
Switzerland	1,183	23,122
British Commonwealth, Other	1,103	16,832
America, South (excluding Argentina and Brazil)	200	4,141
Middle and Near East Countries	291	4,125
European Countries, Other	204	3,675
Africa, Central (British)	200	3,150
African Countries, Other	60	1,220
Africa, West (British)	20	460
Cambodia, Laos & Vietnam	12	444
Korea, South	8	199
Philippines	10	118
Pakistan	3	81
Total	1,302,469	22,544,136

COTTON GLOVES

	doz. pairs	HK\$
United Kingdom	762,418	11,647,393
U.S.A.	57,726	1,200,087
Australia	52,957	941,299
Canada	32,958	574,899
Sweden	25,327	438,085
New Zealand	8,451	146,389
Belgium	5,968	135,181
Thailand	18,186	82,479
Denmark	3,754	77,931
Netherlands	2,464	52,326
Malaya	7,133	38,479
Germany (Western)	1,589	21,414
Africa, South	1,405	15,521
Africa, Central (British)	1,050	2,965
British Commonwealth, Other	563	9,564
Norway	530	9,221
America, South (excluding Argentina and Brazil)	656	5,556
African Countries, Other	300	5,232
West Indies, British	451	4,832
Cambodia, Laos & Vietnam	371	2,965
Africa, West (British)	148	2,342
Ceylon	100	2,020
Japan	36	1,030
Borneo, North	200	960
Philippines	10	540
America, Central	50	520
Oceania, n.e.s.	20	121
Middle and Near East Countries	3	47
Total	983,033	16,429,049

NYLON GLOVES

	doz. pairs	HK\$
United Kingdom	146,208	2,304,133
U.S.A.	109,027	2,189,750
Australia	72,689	1,446,595
Canada	72,078	1,378,623
New Zealand	12,117	223,702
Sweden	14,243	206,725
Belgium	9,647	190,568
America, South (excluding Argentina and Brazil)	8,840	187,333
Netherlands	9,034	186,781
Denmark	2,942	46,666
Germany (Western)	1,915	34,738
Africa, South	1,430	24,775
Switzerland	1,097	22,758
British Commonwealth, Other	775	11,556
Africa, West (British)	413	8,441
Norway	473	7,809
West Indies, British	249	3,810
European Countries, Other	150	2,736
India	122	2,531
African Countries, Other	100	1,885
Malaya	62	1,309
America, Central	54	1,132
Africa, Central (British)	62	990
Thailand	27	420

Middle and Near East

	doz. pairs	HK\$
Countries	23	409
Oceania, British	12	205
Asian Countries, Central	8	120
Oceania, United States	44	96
Pakistan	3	81
Total	463,800	8,488,679

RAYON GLOVES

	doz. pairs	HK\$
U.S.A.	4,334	84,748
Oceania, United States	75	1,210
African, West (British)	20	250
India	6	105
Total	4,435	86,313

Note

Hongkong products exported in 1956 were given by Government as amounting to \$782,592,874. This figure is not correct as it did not include gloves

(made of wool, cotton, nylon, rayon) which, as per above statistics, amounted to a value of \$46,546,177. Furthermore, the export total, as given by Government statistics, was incomplete as it did not include locally made rattan and carved wood furniture as well as many other articles made here and exported from here. The actual amount of local products exported in 1956 was considerably in excess of the amount of \$782.5 million, and the percentage of local products in total exports of Hongkong is above the figure given by official statistics.

Another matter which has caused surprise is that official statistics have still not adopted the correct country listing of Cambodia, Laos and Vietnam instead of the obsolete (and for some people, offensive) Indochina. (Ed.)

(End)

FINANCE & COMMERCE

RICE—PRODUCTION AND TRADE IN 1956 AND OUTLOOK

Developments During 1956

Production: More rice was grown in 1955/56 than in any previous year. The excess over the previous record year—1953—is slight, but compared to 1954 there was a rise of over $6\frac{1}{2}$ m. tons, or $5\frac{1}{2}\%$. Higher yields were the main factor in this rise. Asia reaped in 1955 $6\frac{1}{2}$ m. tons more than in 1954. The sharp reduction in acreage imposed in US outweighed a further rise in yields per acre and led to a fall in production of about half a million tons. Europe's crop was slightly higher, mainly owing to increases in France and Portugal, while some reduction is believed to have taken place in the other continents.

Individual countries in Asia had very contrasting experiences. Japan reaped a record crop, nearly one third larger than in previous year. Thailand made a very marked recovery, 1955 crop about one third higher than 1954. Some recovery, from a very low level, was also made by Cambodia and Laos, while Ceylon, India and Taiwan also harvested bigger crops. Burma's production was not significantly larger than previous year. On the other hand, Pakistan suffered from disastrous floods and insect pests which caused the loss of about one million tons, while Indonesia, Iran, Iraq and Korea also had poorer outturns. A noteworthy feature in 1955 was the attempt in some exporting countries to reduce the area under rice in order to prevent further accumulation of stocks. In Italy and Spain the reduction in acreage was about 5%, but in US the acreage was cut by almost one quarter. The actual reduction in production was proportionately much smaller, amounting in all to about 1% in Italy, 0.5% in Spain and 17% in US.

Trade: In 1956 there was a great increase in demand from importing countries which bought more rice in spite of increased total production in these countries as a whole. Japan produced in 1955 about $2\frac{1}{2}$ m. tons more of milled rice than in 1954. Nevertheless, Japan still imported rice in 1956. India's supplies were about 1 m. tons (milled rice) higher than previous year, but her purchases from Burma, China and US in 1956 probably surpassed 1955. Ceylon harvested about 10% more, but as consumption rose, imports for 1956 did not fall. The French territories in Western and Equatorial Africa grew about 10% more rice in 1955 than in 1954, but imports in 1956 were not less than 1955. Imports into Malaya in 1956 were at 1955 level. The Philippines showed signs of increasing their imports. In Indonesia production of rice as well as maize dropped. As a result, imports rose considerably. Cuba increased imports from US on account of decline in production. European countries

which grow no rice of their own, or only very little, imported more rice in 1955; the main factor being the purchases by Eastern Europe. Most of the rise of the imports into Western Europe in 1955 was due to the availability in Asia of poorer kinds of rice at prices which made these supplies attractive for animal feeding. Less of this rice was available in 1956; shipments to Western Europe were therefore lower. Imports into Hongkong increased considerably, while those of Mauritius kept at the previous year's level. The Union of South Africa also increased imports in 1956.

In recent years, Pakistan has been a net exporter of rice. In 1955, Pakistan ranked fifth highest among exporters. However, the crop harvested at the end of 1955 suffered badly from floods and insect damage; consequently there was a deficiency of 700,000 tons home-grown milled rice in 1956 in East Pakistan. Exports from West Pakistan to foreign countries were prohibited, although some shipments continued to be made in execution of old contracts, and about 70,000 tons were shipped from West to East Pakistan. Government bought rice mainly from US under special aid arrangements. 610,000 tons of imports were arranged for 1956 and early 1957.

Early in 1956 it was widely thought that exporting countries had supplies more than ample to meet prospective demand. Stocks in Asia had been reduced considerably during 1955, but US and the Mediterranean countries had grown more rice and the new crops, especially in Burma and Thailand, promised to provide adequate fresh rice. These expectations were not fulfilled, for towards year-end there were only small uncommitted quantities available for sale abroad. Shipments from Thailand did not expand at a rate commensurate with rise in Thai production due to the fact that part of the crop harvested towards end 1955 was shipped already in November and December of 1955. At the beginning of 1956 the stocks in Bangkok were small, hence shipments during first half 1956 had to depend on the movement of rice from the provinces into Bangkok which were small owing to transportation difficulties. This situation was relieved in August when rain came and river transport easier. Burma remained the leading rice shipper for the third year in succession. About 30% went to U.S.S.R., Eastern Europe and China. The stocks of rice from crops prior to 1955/56 were greatly reduced. Shipments from Spain went to Japan under a bilateral clearing arrangement, those of Italy to Indonesia, Japan and Pakistan, while those of US went mainly to Indonesia, Pakistan and Japan. During first half 1956, Egypt was exporting at a rate considerably higher than 1955. In April,

an export ban was imposed for new transactions, but shipments continued against old contracts. After 3 years with hardly any exports, **Brazil** resumed fairly substantial shipments at the very end of 1955, Indonesia being the chief destination. **Taiwan** maintained a flow of exports to Japan, though these were still very small in comparison with pre-war days. **Cambodia's** recovery from 1954 crop failure enabled her to cease importing rice and to resume exports on a modest scale. The large number of refugees from the North and other after-effects of political disturbances restricted shipments from **South Vietnam**. Exports from **China** to Hongkong increased, but shipments to Ceylon and Japan declined.

Outlook for 1957

The main source of supply in 1957 will be **South-East Asia**. It is still too early to make any reliable estimates, but there have been no serious complaints of either lack of water or damage by floods or pests. Nor has there been any diminution in internal security over wide areas. Cambodia and Vietnam are expected to resume exports in 1957. The fresh supplies from SE Asia may therefore be expected to be in 1957 at least as large as in 1956. On the other hand, exportable stocks from former crops have been reduced to about one half of last year's level, but there are still appreciable stocks available for shipment in 1957. These consist now mainly of stocks from the 1955 and 1956 crops, the older stocks having been now very largely liquidated. The heavy export program of Burma should further reduce their stocks, which had already been somewhat reduced in 1955. Thailand, Cambodia and Vietnam carried over no exportable stocks into 1955, and they are unlikely to have any substantial amounts of such stocks at end 1956, though stocks for internal consumption will probably be larger.

US continued to cut 1956 acreage planted to rice by 13%. There may be a substantial reduction in acreages in 1957. Total US production for 1956 was estimated (as on November 1st) at 2,097,000 metric tons, 14% lower than last year and 816,000 tons or 28% less than the record year of 1954. This reduction in the supply of new crop rice is accompanied by a sharp fall in the supply available for fresh sales from carry-over stocks. Almost 700,000 tons of rice owned by the government, to a value of about \$106 million, were disposed of through intergovernmental agreements, donations and special exports and a further 300,000 tons will be used in implementing other overall programs. One of the methods of disposal put into operation was the sale on competitive bids of rough rice with the requirement that it be ground and used for animal feed.

Among **Mediterranean** exporters, Italy and Spain have been trying to restrict or even reduce production while Egypt is greatly expanding the acreage under rice. The 1955 crop was at 1955 level in Spain, smaller by far in Italy, but considerably larger in Egypt. The new Egyptian crop yielded 200,000/300,000 tons of milled rice for export in 1957. Uncommitted stocks from former crops are much smaller in this region than a year ago, when they were exceptionally high, but there are still at least 100,000 tons of uncommitted stocks owned by the Italian Rice Marketing Board. Other rice will be available for shipment during 1957 from a number of smaller exporters who between them have in recent years supplied less than 10 percent of total exports. There has been no special news to indicate that there will be any marked change for 1957 of the total supplies from these sources.

Great efforts are being made to grow more rice in China and to make more of the rice grown available off the farm. On the other hand, there are more people to feed and the

larger part of them are living in towns. So far, foreign trade has played a very small part in supplementing the rice eaten in China or in absorbing any surplus grown there. Less than 1% of China's harvest has been exported in recent years, while in pre-war days, when China was one of the main importers, the imports did not exceed 2% of her consumption. There are no signs so far of any marked selling pressure which would herald an important rise of exports in 1957.

World supplies, from stocks and new crops, available for fresh purchases by importers in 1957 are thus likely not to exceed those available in 1956; there is indeed some likelihood of their being smaller. On the other hand, importers may well make fewer fresh purchases in 1957 than in 1956, since their crop prospects are thought to be good and some of their import needs are already contracted for. **Japan**, leading importer of rice, is anticipating a good crop, though not as big as last year's record. This would enable Japan to reduce its imports in 1957 up to a certain extent. In **Pakistan** the floods of 1955 should have a beneficial effect on the crop to be harvested at the end of 1956 and early in 1957, and it would require abnormally bad luck to make Pakistan buy heavily in 1957, unless rice could be obtained on specially favourable terms for the building up of food reserves. **India's** recent agreements for purchase of rice over a number of years are intended to build up a reserve stock of 1 million tons and to meet the consumption requirements which are likely to go up with the increase in population and increase in incomes due to the implementation of the Second Five Year Plan. There will be imports into India during 1957 under the recent agreements with Burma, China and US, but how substantial they will be, depends largely on domestic production of foodgrains and the general price position in the country.

In 1956 Indonesia became a leading importer, purchases during 1957 are still uncertain. Apart from the outcome of her own rice crop, much will depend on the purchasing power gained by Indonesian growers of export crops and on the availability of foreign rice on specially favourable terms. The relatively stable importers of Asia and Africa seem likely to maintain their purchases during 1957. In a number of these countries, more rice is being eaten, particularly in Ceylon where some retail prices were lowered, and the international political uncertainty is likely to induce governments and traders in importing countries to maintain their stocks and perhaps to increase them. The reduction in the supplies of cheap rice for animal feeding and industry is likely to halt any rise in imports into **Western Europe**. It is very difficult to estimate the future course of purchases by Eastern Europe, which has become so important a feature of the rice trade in the last two years. Any further marked increase in transport costs between Asia and Europe and shortage of shipping would tend to reduce purchases of Asian rice by Northern Europe.

During last two years, falling prices of rice together with rising incomes, led some people to eat more rice and less other foods. These alternative foods are still amply available. World stocks of wheat are particularly large and some of this wheat can still be obtained by importers on very favourable terms. Any marked change in price relationships which would make rice dearer in terms of wheat might reverse the trend towards the greater consumption of rice in some countries and might moreover affect the import policies of countries like Japan. Supply and demand for rice in international trade may well be fairly balanced in 1957, but uncommitted stocks in exporting countries are down to low levels. On the other hand, the reserve stocks in some importing countries have risen during 1955.

THAI RUBBER EXPORTS AND RUBBER PRODUCTS

The record 1955-1956 rice crop permitted exports of 1,200,000 tons of rice of a value of 3,000 million baht (about 48 percent of Thailand's total exports). Rubber is the second principal export which brings in foreign exchange valued at 1,000 million baht

annually. Thailand ranks third as the world major producer of rubber with Indonesia and Malaya being first and second respectively. In spite of abundance supply of rubber, Thailand did not attempt previously to manufacture rubber products. It was not until World War II when there was an acute shortage of rubber products that the activities of the private rubber industry were spurred. When the war was

over in 1945 there were thirty private rubber enterprises in Thailand, who were hit hard by foreign competition. Consequently some rubber factories had to close down and the rubber industry requested Government protection. In 1953 when a Royal Decree was passed to curb imports as a means to balance Thailand's foreign trade, activities of the rubber industry resumed at a rapid pace. But at the end of 1955 the

Government lifted import control owing to improved economic condition, and the rubber industry again wanted protection. As a result the Government in 1956 banned the import of certain rubber products which Thailand can produce in a quantity to meet the needs of consumers and at reasonably good quality, such as canvas shoes. The prospect for the local rubber industry is now bright.

At present there operate 27 rubber enterprises which produce a wide range of products, such as automobile tyres, bicycle tyres, battery covers, pillows, medical equipment, toys, sports equipment, canvas shoes, pipes, bottle stoppers, elastic bands, and miscellaneous products. Among the aforementioned products only canvas shoes and sandals are produced at large scale. Annual production is 8,676,000 pairs for canvas shoes and 2,590,800 pairs for sandals.

Since the Government has included rubber industry in its plan for domestic industry promotion, it can be predicted that the rubber industry will prosper. With adequate capital and technical know-how this industry may become an exporter of rubber products in addition to continuing a large raw rubber exporter.

HK EXCHANGE MARKETS

May	U.S.\$			
	T.T. High	T.T. Low	Notes High	Notes Low
6	\$627	626½	624½	623½
7	629	628	626½	624
8	629½	629½	627½	627
9	628½	628½	628½	625½
10	630	628½	629½	626½
11	631½	630	630½	627½

D.D. rates: High 629½ Low 624½.

Trading totals: T.T. US\$3,660,000; Notes cash \$320,000, forward \$2,340,000; D.D. \$370,000. The market was very steady following the easy tendency of New York cross rates. Because of the small stock of notes and strong demand, high change over interest was fixed stimulating rates further. In the T.T. sector, gold and general importers provided strong demand. In the Notes market, oversold speculators continued to cover because of the heavy interest; differences between T.T. rates narrowed to within fraction of one point only. Interest favoured buyers and aggregated HK\$18.77 per US\$1,000; positions taken by speculators averaged US\$2 million per day. In the D.D. sector, market continued quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.7575—1.7475, Japan 0.01475—0.0146, Malaya 1.876, Vietnam 0.06579—0.06451, Laos 0.06, Cambodia 0.08—0.078, Burma 0.505, Thailand 0.2873—0.2841. Sales: Pesos 330,000, Yen 130 million, Malayan \$265,000, Piastre 11 million, Kip 6 million, Rial 7 million, Kyat 50,000, and

Baht 3 million. Rial recovered considerably under stronger demand but trading slow because there were only a few sellers.

Chinese Exchange: People's Yuan notes quoted HK\$1.45 per Yuan. Taiwan Dollar quoted HK\$ 0.166—0.159 per Dollar, and remittances 0.1535—0.152. **Bank Notes:** Highest and lowest rates per foreign currency unit in HK\$: England 16.77—16.70, Scotland and Ireland 14.00, Australia 12.65, New Zealand 15.43—15.41, Egypt 11.00, East Africa 15.40—15.38, West Africa 13.50, South Africa 16.40, Jamaica 13.50, Fiji 10.00, India 1.1905—1.19, Pakistan 0.86—0.85, Ceylon 1.00, Burma 0.50, Malaya 1.843—1.84, Canada 6.54—6.495, Cuba 5.00, Argentina 0.17, Brazil 0.07, Philippines 1.755—1.75, Switzerland 1.42, West Germany 1.42, Italy 0.0093, Belgium 0.11, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.46, France 0.0151, Vietnam 0.0735—0.072, Laos 0.062—0.059, Cambodia 0.079—0.078, North Borneo 1.60, Indonesia 0.146—0.143, Thailand 0.281—0.277, Macau 1.005—1.00. **Yen Notes:** Limited volume of business traded in forward; interest for change over favoured sellers and aggregated HK\$2.30 per Yen 100,000. Cash notes quoted HK\$ 1.530—1.507 per Yen 100,000.

Gold Market

May	High .945	Low .945	Macau .99
6	\$272½	271½	Low 261½
7	272½	272½	
8	272½	272	
9	273½	272½	
10	275	273½	
11	276	274½	264½ High

Opening and closing prices, 271½ and 275½; highest and lowest, 276 and 271½. Market was steady in line with US\$ rates. Interest favoured buyers and aggregated HK\$1.00 per 10 taels of .945 fine. Tradings averaged 7,100 taels per day and amounted to 42,600 taels for the week in, which 11,830 taels were cash transactions (2,030 listed and 9,800 arranged). Positions taken by speculators averaged 14,500 taels per day. Imports from Macau totalled 8,500 taels; one shipment of 35,200 fine ounces reached there from abroad. Exports amounted to 9,000 taels (5,500 Singapore, 2,000 Rangoon, 1,500 Indonesia). Differences paid for local and Macau .99 fine were HK\$13.50 and 12.50 respectively per tael of .945 fine. Cross rates were US\$37.75—37.73 per fine ounce; 24,000 fine ounces contracted at 37.73 cif Macau. US double eagle old and new coins quoted HK\$290—287 and 267—264 respectively per coin; English Sovereigns HK\$65 per coin; Mexican gold coins HK\$297—294 per coin. **Silver Market:** 800 taels of bar silver traded at HK\$ 5.97 per tael; 1,000 dollar coins at HK\$3.85 per coin. Twenty-cent coins quoted HK\$2.95 per five coins. The market was steadier on improved exports.

Money Market: On the possibility of further lowering of discount rate by Bank of England, local money mar-

ket eased. Banks here relaxed control of overdrafts against securities; interest at 7—8% p.a. Interest on letters of credit at 6% p.a. Long term loans against mortgage of real estates, 10—12% p.a.

Free Exchange Transactions: Free exchange and bullion market trading has been active and promises to further expand. For the wellbeing of the general economy of the Colony the operation of these markets is indispensable. Indeed without the virtual free convertibility here of HK\$ into hard currency (and any other currencies) and into gold bullion, the foundation of commercial business would be undermined. Though exchange control regulations are still valid, under wartime legislation, the free market remains undisturbed and is one of the principal attractions for foreign businessmen, investors and financiers.

Ever more international currencies and various forms of credit have been added to the already formidable list of counters. With more European currencies becoming 'interesting' and also, from investors' point of view, desirable, the local exchange market has widened its business area, and more private exchange firms have increased the number of operators in the Colony. The authorities in China have appreciated the services offered by Hongkong, and so have most other countries, and their citizens, in Asia. Overseas Chinese in the Far East are very prominent in the local free and overseas black exchange markets; their participation is essential as they are usually experts in illicit transactions as well as in the actual transport of currencies, bullion and other treasure from port to port, from country to country.

Practically all banks here either operate directly or indirectly in the free market; mostly it is done through intermediaries, brokers, native banks and bullion dealers. In prewar days exchange was legally unencumbered; contracts then were arranged through the Exchange Brokers' Association members which after the war, due to introduction of fixed official rates and control over transactions, had to suspend business or to change, individually, over to operations in the 'unauthorised', free exchange market with fluctuating rates and without the air of respectability which dealings in the official market seem to possess. At present free exchange contracts are being attended to by about twelve brokers, not organised in any association, who are working individually, using the telephone for verbal contracts. Almost all contracts are cash (spot), few only involve time dealings. Commissions charged by these brokers are small and amount to HK\$5 per contract of US\$10,000, and HK\$3 per contract of each 10,000 pesos, 10,000 Malayan dollars or 100,000 yen. But business is often brisk and brokers can earn substantial sums over a period.

The following so-called native banks (which have all now modernised and offer competent banking services) are prominent in the free US\$ market: Hang Sang, To Hang, Wing Lung, Hang Lung, Tak Shun and several more without however possessing the same resources and financial prestige as the aforementioned ones. These banks operate often for their own account as well as for their customers including traders and speculators. Business in US\$, due to the further increase in the importance of the US as the first power in the world, is bound to improve and assume, within the circle of Far Eastern financial affairs, an all-decisive position. Local transactions in US\$ will tend to rise and the free market in this currency will expand considerably.

The following so-called native banks are prominent in exchange dealings with Malaya, Thailand and Burma: Chiu Tai, Chan Man Fat, Chan Man Cheong, King Fook, Lai Hing and several more, mainly Swatow (Chiu-chow) banks. Gold shippers from here to Far Eastern destinations, including India direct or via devious routes, patronise these banks as they have to obtain from their buyers abroad the proceeds in native currency which is being converted here into US\$, the one and only currency which gold exporters overseas, including sterling area, will and do accept.

In Japan exchange which has been buoyant in the recent past the Chiu Tai, Chan Man Cheong, King Fook and three more banks are prominent. Yen transactions are on the increase due also to the ever-growing importance of Japan in the trade of the Far East and also to the enormous expansion of all economic activities in resurgent Japan. Apart from investment funds to, and arbitrage business with Tokyo, there is a large illicit trade going on with Japan; cargo is being smuggled into Japan ports and proceeds for such cargo have to be brought back to Hongkong via the local free exchange market. Vietnam, Laos and Cambodia exchange, due to the generous US assistance to these three countries, has been very prosperous here, and will continue in good shape for a long time. With Manila and various ports of Indonesia there is always active exchange trading in which traders are usually prominent. A large volume of illicit trade is being carried on with these two countries and balances of importers of such cargo are being set off in direct financial dealings with exporters of other cargo from here to these two countries. The same can be said also of other countries in this part of the world.

Chinese residents in various countries of what they like to call the 'South Seas' are utilising the local free market for their remittances to their families, friends etc. in China, Taiwan and Hongkong, and also for transfer of funds for safekeeping or investment in Hongkong. Due to the incessant

influx of such funds the building boom here has assumed such unusual proportions, and as the general feeling overseas against the Chinese there is getting more determined and there is every expectation that the native peoples will not long tolerate the alien and unproductive Chinese in their midst, the arrival of more funds from overseas Chinese in Hongkong can be taken for granted. The smooth operation of the free exchange market here is vital for the inflow of these funds.

HK SHARE MARKET

The firm trend of the previous week continued and the turnover last week reached \$4.7 million—highest since end-February. Transactions in Utilities accounted for 38% of the total business: Telephones \$645,000; Electrics \$342,000; Lights \$297,000; Yaumatis \$239,700; Trams \$248,600; all registered attractive gains. Wharves, Docks and Providents continued to improve; buyers anticipate better earnings by these companies this year in view of the pending relaxation of embargo on China trade. Hotels and Realities further advanced but trading slowed down; quotations are rather high at the present. HK Banks lost another \$5; London Register also lower than previous week. Union Insurances were \$12 lower in spite of the fact that dividend remained unchanged from the previous year; prospects for higher earning this year are not very bright. Fluctuations in other shares were fractional during the week. The general trend of prices at weekend remained upward.

Monday: many popular shares fractionally higher; turnover \$1.06 million.
Tuesday: steady; \$796,000. **Wednesday:**

day: minor fluctuations registered; \$744,000. **Thursday:** firm prices; \$762,000. **Friday:** uptrend; \$1,374,000.

Dividend: Shanghai Kelantan Rubber Estates Ltd.—10c per share.

SINGAPORE SHARES

Market opened quietly on resumption of trading after Easter holidays but conditions quickly improved during the week ended April 26 and closed on a strong note. Industrials were firm and many counters show improvements. Marked interest was centred on Penang. Tin shares steady, but local Rubber shares dull. Sterling Rubber shares were marked up sharply as a result of the Budget tax concessions to companies earning their profits abroad.

Consolidated Tin Smelters Ords. continued @ 33/6, and Fraser & Neave Ord. further rose from \$2.42 to \$2.44 to \$2.42½. Gammon changed hands from \$2.15 down to \$2.10 cd., but W. Hammer registered a further improvement from \$2.05 to \$2.16. Malayan Breweries were taken @ \$2.95, having buyers over, Malayan Cement @ \$1.59, Metal Box @ \$1.87½ and McAlisters from \$3.27½ to \$3.25. Robinson Ords. further gained to \$1.72½. Sime Darby advanced from \$2.60 to \$2.70. Singapore Cold Storage eased from \$1.80 to \$1.77. Straits Steamship after business at \$15.80 firm at \$15.90. Straits Traders had a heavy turnover from \$31.75 to \$32.25 cum all, closing with sellers over. United Engineer Ord. rose with sales from \$9.00 to \$9.10, at which price more were wanted, Wearne Bros. from \$3.03 to \$3.15, Wilkinson Process from \$1.80 to \$1.90 and William

Share	May 3	Last Week's Rate			Up & Down	Dividend	Annual Yield*
		Highest	Lowest	Closing			(%)
HK Bank	1655	1655	1650	1650	—\$5	\$80	4.85
Union Ins.	970	965	XD 935	XD 940	—\$12	\$34	3.62
Lombard	38 b	—	—	38 b	quiet	\$2	5.28
Wheelock	7.50	7.60	7.50	7.50	steady	75c	10.00
HK Wharf	108	110	109	110 s	+ \$2	\$9	5.45
HK Dock	44.75	45.25	45	45	+25c	\$2	4.44
Provident	12.40	13	12.40	13	+60c	\$1	7.69
HK Land	35.25	35.25	34.75	35	—25c	\$3.50	10.00
Realty	1.40	1.50	1.45	1.50	+10c	15c	10.00
Hotel	15.20	15.60	15.20	15.60	+40c	\$1	6.41
Trams	21.60	22.30	21.60	22.30	+70c	\$1.70	7.62
Star Ferry	130 s	136 s	135 s	135 s	quiet	\$9	6.67
Yaumatis	103	103	101	102	—\$1	\$7.50	7.35
Light	18.40	18.60	18.30	18.60	+20c	\$1.10	5.91
Electric	29.20	29.70	29.20	29.70	+50c	\$2	6.73
Telephone	25.50	25.90	25.70	25.80	+30c	\$1.50	5.81
Cement	32.50	32.75	32.50	32.50	firm	\$4	12.31
Dairy Farm	14.70	14.80	14.60	14.80	+10c	\$1.63	11.01
Watson	11.60	11.70	11.50	11.70	+10c	\$1	8.55
Yankee	6	6.10	6.05	6.10	+10c	70c	11.48
Allied Inv.	4.55 s	4.55 s	4.50	4.55 s	steady	25c	5.49
HK & FE Inv.	10 b	10.20 b	10 b	10.20 b	+20c	75c	7.35
Amal. Rubber	1.525	1.525	1.50	1.50	—2½c	30c	20.00
Textile	4.65	4.70 s	4.60 b	4.65	steady	50c	10.75
Nanyang	8	8.10	8	8	steady	80c	10.00

* Annual Yields are only ESTIMATES calculated with current X-All rates against last year's dividends.

Jacks from \$3.20 to \$3.25. Aokam rallied and had dealings from \$1.41½ up to \$1.47½. Business passed in Austral Amalgamated @ 23/6, Ayer Hitam from 26/- to 26/3, Berjantai from 15/6 to 15/4½, Kuala Kampar from 41/7½ to 42/3 and Kuchai from \$2.92½ to \$2.95. Petaling were marketed in quantity from \$2.95 to \$2.90 and Ran-tau from \$2.00 to \$1.97 to \$2.00.

TRADE REPORTS

In the local commodity market during first 10 days this month, China produce retained steady but selective demand from Japan, Europe and SE Asia; prices for round bars and other popular metals remained low because supply far exceeded demand; paper transactions were curtailed by short stock here; trading in pharmaceuticals and industrial chemicals remained slow; cotton yarn and cloth were firm but had only a few spot transactions; sugar and cement retained the uptrend but rice and wheat flour sluggish.

Shipping companies cut freight surcharge on cargo to and from Europe and UK to 5% (formerly 15%) while basic rates for freight between HK and Europe (including UK) were hiked by 10% beginning May 1; US-HK freight rates increased by about 15%. Insurance (war risk) rate for cargo via Suez came down slightly to 0.175% (advanced from 0.05% to 0.30% last month).

Trade with China: From the local market, China continued to absorb round bars, steel plate and other items when prices forced down by selling pressure. Imports of foodstuffs from China remained heavy; there were also a few consignments of beans, paper, cloth and other industrial products but quantities insignificant.

Trade with Japan: 12 vessels brought here about 3,000 tons of cement, cotton and rayon textiles, paper, bean oil, sewing machine, optical goods, china ware, machinery and sundries; this tonnage indicates a slow-down compared with previous months. Exports included 1,000 tons graphite, about 1,500 tons scrap iron, and small consignments of beans, rosin, cotton waste, cow hide and oilseeds. In SE Asia, Japan intends to open trade development offices in various cities; Hokkaido's industrial representatives who came here last month are now visiting Bangkok, Rangoon, Bombay, Karachi, Colombo and Manila. As a result of Japan's intensified trade promotion in SE Asia there has been a sharp decline in demand from Thailand, Indonesia and other countries in the local market for Japanese paper, cloth and other products since mid-1956.

Trade with UK and Europe: Imports during the 10-day period remained

heavy; these shipments had left UK and Europe before May 1. Automobiles, metals, woollen and other textiles constituted the major portion of 8,000 tons from UK. About 6,500 tons reached here from Europe; principal items were paper, metal, cotton and rayon textiles, machinery and equipment, dyestuff, wines and provisions. Exports totalled about 5,000 tons to UK and 2,500 tons to Europe consisting chiefly of HK manufactured goods. HK Cotton Spinners' Association last week passed a resolution that HK cannot, and will not, agree to any limitation of exports of HK cloth to UK. This resolution was intended to discourage the Lancashire cotton delegation now in Pakistan from coming here for the second time to persuade HK textile manufacturers to agree to a voluntary limitation of export of HK cloth to UK.

Trade with US: Textiles, cotton, air conditioning units, machinery and equipment were principal items among 2,500 tons of imports from US. Consignments of fruits were curtailed; American oranges and apples are particularly short in the local market. On May 3, Washington added more than 300 items on to the list of exports to HK which require no individual export licences. These new items include electric paint mixer, farm and home freezer, range refrigeration combination, dairy and poultry equipment, typesetting machine, printing press, aluminum, potassium, sodium metal, tanning compounds, cementing preparations, leather dressings, phosphatic fertilizer materials, dental supplies and medical and surgical apparatus, cotton aeroplane cloth, etc.

Trade with Canada: HK-Canadian business remained at a low level; only a small number of local firms are trading with Canada. Exports of China produce and HK manufactures amount to only about 50% of import tonnage; major imports are wheat flour and canned food.

Trade with Indonesia: Only a few enquiries arrived from Djakarta. Even the long expected purchasing authorization for textiles against payment in US raw cotton had not arrived. In spite of the fact that US had agreed to lend \$15 million to Djakarta for various development work, prospects for more orders from Djakarta were not bright. Exports to Djakarta covered by previous orders and to Indonesian ports outside Java island during the period totalled 2,400 tons consisting chiefly of cotton textiles, knitwear, wire nails, paper, torch, garlic, salt fish and other foodstuffs.

Trade with Thailand: Bangkok eased import restrictions on various commodities but purchases from here did not improve because money remained tight in Bangkok and merchants there bought more supplies such as paper and window glass direct from China instead of through HK dealers. Im-

ports of rice exceeded 2,500 tons; there were also timber, live cattle and beans but quantities were not very substantial.

Trade with Korea: Exports to South Korea were limited to small quantities of paper, metals, sugar, dyestuffs, rice and pharmaceuticals because Seoul considered imports from HK too expensive while in the case of paper, stock here was short. Imports of agar agar, gallnuts and sea food from Korea remained insignificant because indents higher than market prices here.

Trade with Taiwan: Cargo movements between HK and Taiwan active but not heavy. Taiwan grey cloth, sugar, garlic, live hogs, straw board, starch and canned food enjoyed very strong demand here but dealers failed to get more supply from Taipei. Exports of metals, chemicals, herb medicines and pharmaceuticals still handicapped by low buying offers from Taipei.

Trade with Malaya: Exports to Singapore and other Malayan ports remained steady; Indonesian cities outside Java island continued to procure large quantities of HK manufactures and other HK exports via Malayan ports. Orders from Singapore and Penang covered HK manufactured knitwear, metalware; Taiwan sugar; Chinese foodstuffs, construction materials, sewing machines, bicycles, tea, herb medicines, wire nails, electric fan and phonograph records. To cultivate more demand for HK products in Malaya, HK factories will send over 50 exhibits to Malaya's Merdeka trade fair to be held at Petaling Jaya, near Kuala Lumpur from August 28 to September 14.

Trade with the Philippines: Manila absorbed several lots of metals and small quantities of yarn, canned food, paint and other items from the local market. Dealers here do not expect further increase in L/C purchases because Manila is anxious to balance HK-Philippine trade. Last week, Manila curtailed imports of several types of cotton and rayon piece goods; manufacturers there had recently claimed that their production capacity could already meet domestic demand for these items.

Trade with Cambodia: further improved. Imports of rice, maize, groundnut oil, green pea, rice bran, groundnut, sesame, cow hide, scrap iron, live cattle and pig, timber and other staples increased as a result of various measures adopted by authorities there to stimulate exports. Shipments to Cambodia during the 10-day period totalled about 2,000 tons consisting chiefly of metal, wheat flour, sugar, paper, canned food and other foodstuffs. In addition to self provided exchange for imports, Phnompenh earmarked US\$5 million for various purchases including: \$2 m. for cloth. Orders reached here covered metals, paper, canned food and other

supplies. **South Vietnam** bought from here only small quantities of joss stick, wine, vacuum flasks, cotton yarn, sundry provisions and foodstuffs; in return, shipped here feather and beans. Trade with **Laos** remained quiet.

Trade with Burma was active with increased imports of beans, rice, and timber from Burma and more exports of glass bottles, yarn, canned food, enamelware, aluminumware, plastic products, sugar and other commodities. Further improvement possible but on the other hand competition from **Pakistan** and **Singapore** is keen in supplying cotton yarn and Taiwan sugar respectively to Burma.

Trade with Ceylon: Shipments to Colombo covered by previous orders totalled 1,700 tons consisting chiefly of dried chilli, garlic, cotton textiles, rubber shoes, enamelware, cassia and other staples. Exports during first 4 months this year averaged about \$1.5 million every month, slightly better than same period last year but the possibility of further improvement is slender.

Trade with India and Pakistan: India shipped here a few hundred tons of cotton, cloth and shellac. **Pakistan** curtailed cotton yarn consignments to the local market. Both countries procured only a little cassia from here.

Trade with Africa: Exports to African markets active during the period: 2,000 tons to E.A.; 1,000 tons to S.A.; 1,000 tons to W.A. Principal items were shirt, knitwear, cotton textiles, enamelware, rainwear, cosmetics, cement and sundries. Demand from S.A. and W.A. would remain steady but shipments to E.A. might be adversely affected by Madagascar's restriction of imports from Far East.

Trade with North Borneo: Imports of scrap iron, rubber, timber and firewood exceeded 4,000 tons; exports insignificant. Decline in exports to North Borneo was partly caused by Manila's effort to stop the illicit flow of HK goods into the Philippines via North Borneo. Dealers here however do not expect this situation to remain permanent because as long as there is demand in the Philippines for HK exports, trade restrictions will only stimulate smuggling activities.

Trade with Australia showed encouraging signs. Export tonnage during the period balanced that of import. Much has yet to be done by local industrialists to retain and cultivate demand from this market for HK manufactured plastic products, vacuum flasks, umbrella, cotton textiles, knitwear, rattan ware, and other items. Imports of wheat, wool tops, dairy products, frozen meat and fruits from Australia will remain at the present level in view of the steady local demand for these items. Members of a joint Australian-American rice growing syndicate who visited here last week announced that they might mill Australia-

lian rice in HK for local consumption and/or re-export.

Trade with Middle East: Consignments of HK manufactures and other commodities to Aden, Al Kuwait, Port Sudan by one vessel alone totalled 2,800 tons; 90% of the tonnage consisted of cotton textiles. Dealers here expect exports to M.E. to improve with the gradual resumption of Suez traffic.

Trade with Macao: Authorities there removed the 5% import duty on consumer goods imposed in 1954. This will not stimulate HK exports to that country to any considerable degree because local consumption there is limited in volume while re-exports from there to China insignificant.

China Produce: Local dealers who went to Canton managed to procure various types of beans, raw silk and sundry provisions; but indents had all marked up and quantities limited. Demand from Japan, Europe, Australia, New Zealand, Singapore and other SE Asian countries was selective and many orders concluded were for forward deliveries: woodoil to Japan, Australia, New Zealand; teaseed oil, aniseed oil, groundnut kernel, bitter almond to Europe; cassia to Japan, Pakistan and India; rosin to Japan; turpentine to Japan and Europe. Spot transactions included garlic favoured by Singapore, South Vietnam, Cambodia, and North Borneo; rosin by Thailand and local paint factories; groundnut kernel by Singapore and local oil mills; dried chilli by Middle East and Korea; bee wax by Japan; beans by Japan and local retailers and food manufacturers. Prices were steady in general. China's increased indents for beans failed to stimulate the local market because supply from SE Asia was adequate and in the case of long bean, local quotations were depressed by heavy stock.

Metals: Imports of bars, plates and other items from UK and Europe were slower compared with previous months but still quite substantial in view of the heavy stock and limited export demand in the local market. Prices here therefore remained at low levels which in turn attracted orders from the Philippines, Cambodia, Thailand and China. These purchases however were limited to small quantities and as a result, prices for round bars, iron pipes, wire rod, wire rope, nails, wires, steel plate, black and tin plates and waste waste remained low. Japan remained keen in scrap iron but buying offers were kept very low because US was shipping large quantities of this item to Japan. On May 6, Washington suddenly prohibited shipments of high grade steel scrap to Japan. Official figures show that during first 4 months this year US shipped 654,549 short tons of 1st grade and 584,000 tons of 2nd grade steel scrap to Japan. The embargo however does not affect US shipments of low grade scrap to Japan. In the local market last week, Japan enquired for

high grade scrap iron but buying offers were still lower than quotations here.

Paper: Dealers here still found it difficult to get supplies from Europe; new quotations for bond, cellophane, duplex board further hiked. China shipped here some manifold, newsprint in reams and straw board; prices also marked up. Imports of Japanese woodfree, m.g. cap and newsprint in reams were insufficient. Inadequate stock and high prices here handicapped exports to Korea, Cambodia, Thailand and other markets. On the other hand, local stock of newsprint in reels was so heavy that speculators requested manufacturers' agents here to cancel their outstanding orders for this item; the compensation which they have to pay for the cancellation is far less than the loss which they will suffer if goods are shipped here and demand from Korea for this item does not improve. Items which retained strong demand from various sources included newsprint in reams; poster, woodfree printing, sulphite and kraft, m.g. cap, tissue, manifold, bond, cellophane, glassine, aluminum foil, duplex board and straw board.

Pharmaceuticals: Trading slow; demand from China and SE Asia selective and handicapped by low buying offers in some cases and short stock in others. Popular items were dihydrostreptomycin, sulfonamides, saccharine crystal, glucose, aspirin, phenacetin, caffeine alkaloid, amidopyrin, cod liver oil capsules and vitamins.

Industrial Chemicals: Market sluggish; prices however were firm on high replenishment cost. There were more enquiries than orders from China for gum copal, gum damar, paraffin wax; from Korea for sodium bicarbonate, formalin; from Taiwan for petrolatum, shellac, lithopone, titanium dioxide and linseed oil; and from Thailand for calcium carbide. Prospects for improvement dull.

Cotton Yarn & Piece Goods: No purchasing authorization reached here from Djakarta for HK cotton yarn under the US raw cotton for HK textiles contract negotiated two months ago. There were however orders from Manila and enquiries from Rangoon for HK yarn which remained firm. Pakistan yarn firmed on curtailed imports but did not advance further when indents marked up towards last weekend because spot transactions here sluggish.

HK grey cloth firmed on shortage of spot goods but drill eased under pressure of Chinese products which declined when orders from Indonesia fell through. The suspension of purchases from here by Djakarta also depressed Japanese and Chinese grey cloth. Japanese white cloth retained steady local demand but white shirting eased when factories here slowed down purchases. Taiwan grey cloth firmed on short stock after recent brisk exports.

Rice: Imports from Thailand, China and South Vietnam far exceeded local demand during the period. Prices eased especially when Bangkok quotations slightly depressed. Korea booked Thai rice through local dealers but the transaction covered forward shipments outside the quota for HK and therefore did not affect the local market. Toward last weekend, rice merchants here were contemplating to curtail imports in order to prevent prices from dropping further.

Wheat Flour: HK products were firm on steady local demand but Canadian products eased under heavy arrival. US brands were steady on marked-up cost and Australian flour firm on low stock. The market closed firm last week on enquiries from Korea and Cambodia.

Sugar: Demand from Korea, Burma, Cambodia and South Vietnam kept prices here at high levels in spite of arrivals from Taiwan. Philippine brown, too, firmed. HK products also marked up. Market bullish.

Cement: HK Green Island products retained strong demand from Macao, Singapore and local construction companies. Japan products dominated export sales and firmed to \$121.50 per ton ex-ship HK. Chinese cement was cheaper at \$119 ex-ship HK but dealers here could not get enough supplies from Canton.

Hongkong Products: According to Mr. U Tat-chee's estimate, HK's participation at the US World Trade Fair has attracted enough enquiries from prospective buyers for HK products to bring US\$2 million worth of orders to local factories. Mr. U was leader of HK delegation to the Fair. Some orders for HK goods were turned down because they were too big! Mr. U pointed out that HK must begin to think in terms of much bigger production, and to meet American tastes in

design, "there is a case here for calling in American technicians to advise HK on these matters."

HONGKONG COMPANY INCORPORATIONS

Following new limited liability companies were incorporated during the fortnight ended April 20, 1957: (all capital is nominal and in HK\$):

Corn Products Co.—Importers and exporters; Capital: 100,000; Subscribers: Win Stanley Briggs, Repulse Bay Mansions, Hongkong, Merchant; J. Prior, 2 Queen's Road Central, Hongkong, Solicitor. **Pan American Engineering Corp.**—Importers & exporters; Capital: 10,000; Subscribers: F. D. Hammond, 36 Dina House, Hongkong, Solicitor; F. G. Nigel, 35 Deep Water Bay Road, Hongkong, Solicitor. **Hornbeam Steamship Co.**—Capital: 1 million; Subscribers: M. W. H. Calvert, 261 The Peak, Hongkong, Steamship Manager; P. O. Scales, 261 The Peak, Hongkong, Company Secretary. **Ko Brothers**—To deal in real estate; Capital: 500,000; 315 Tak Shing House, Hongkong; Subscribers: Ko Chun Pong, 248 Prince Edward Road, Kowloon, Merchant; Ko Chun Tung, same address, Merchant. **Cosmopolitan Investments**—Capital: 1 million; 1 Des Voeux Road Central, Hongkong; Subscribers: Raymond E. Moore, 1 Prince's Building, Hongkong, Solicitor; R. H. Hindmarsh, 1 Prince's Building, Hongkong, Solicitor. **Tak Kee Leong Co.**—To invest in land; Capital: \$1 million; 228 Wang Hing Building, Hongkong; Subscribers: George Choy, 39 Blue Pool Road, Hongkong, Merchant; Alfred Chan, 328 Hennessy Road, Hongkong, Merchant. **Chyau An Steamship Co.**—Capital: 1 million; 315 China Building, Hongkong; Subscribers—Wong Kuo Tung, 160 Boundary Street, Kowloon, Merchant; George Chang, 111 Chatham Road, Kowloon, Merchant. **Kwok Yip Knitting Factory**—Capital: \$200,000; 279, Shunning Road, Kowloon; Subscribers—Lee Ting Man, 279 Shunning Road, Kowloon, Merchant; Ngai Woon Un, Ocean View Court, Kowloon, Merchant. **Sek Kwong Investment**—Capital: 500,000; Subscribers—Chan Chin Kwong, 8 Sau Chuk Yuen Road, Kowloon, Medical Practitioner; Lam Sek Cheung, 8 Sau Chuk Yuen Road, Kowloon, Married Woman.